

Narragansett Electric

A National Grid Company



Laura S. Olton
General Counsel

August 11, 2005

VIA Hand Delivery and Electronic Mail

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 3689 – The Narragansett Electric Company’s July 2005
Standard Offer Rate Filing
Response to Commission Data Request 1-1**

Dear Ms. Massaro:

Enclosed please find ten copies of The Narragansett Electric Company’s response to the Public Utilities Commission’s Data Request 1-1 in the above-captioned proceeding.

Thank you for your attention to this transmittal. Should you have any questions regarding this filing, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,

Laura S. Olton

Laura S. Olton

Enclosures

cc: Docket 3689 Service List

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Commission Data Request 1-1

Request:

Please provide the balances of the transmission and transition accounts as of June 30, 2005 and projected as of December 31, 2005. Please estimate the impact on the correlating rates for calendar year 2006.

Response:

The Transmission Service and Nonbypassable Transition Charge reconciliations based on actual and projected revenues and expenses for the current reconciliation period, October 2004 through September 2005, are provided as Attachment 1 and Attachment 2, respectively, to this response. Both are described in more detail below.

The Company has not included projections for the period October 2005 through December 2005. Any over or under collection of costs attributable to those months will not affect rates proposed for January 1, 2006. Rather, revenue collected and expense incurred during those months will be included in the annual reconciliation for the period October 2005 through September 2006 and will be the basis for determining rates proposed for January 1, 2007.

Transmission Service Reconciliation

The Transmission Service reconciliation included as Attachment 1 to this response is based on actual revenue through July 2005 and actual expenses through May 2005. Revenue for the months of August 2005 through September 2005, as well as an estimate of revenue related to September usage not billed until October, is estimated by applying the company average base transmission charge to the forecasted kWh deliveries for each month. Estimated expenses for the months of June 2005 through September 2005 are taken directly from the Company's January 2005 Retail Rate Filing, Exhibit CAC-1, pages 2 through 4, filed in Docket No. 3648 on November 10, 2004. The balance of the Transmission Service reconciliation as of May 2005 is an under recovery of approximately \$5.5 million. The estimated balance through September 2005 is an under recovery of approximately \$6.8 million.

Assuming that the estimated \$6.8 million under recovery is reflected in rates over the twelve-month period beginning January 1, 2006, the resulting impact to rates is 0.087¢ per kWh. By comparison, the current Transmission Service Adjustment Factor is 0.048¢ per kWh and was approved by the Commission in Docket No. 3648 to collect an under recovery of approximately \$3.8 million incurred during the period October 2003 through September 2004. The net effect of the termination of the current Transmission Service Adjustment Factor and the estimated impact in rates of the above estimated \$6.8 million under recovery is an overall increase in rates of 0.039¢ per kWh.

Commission Data Request 1-1 (continued)

Nonbypassable Transition Charge Reconciliation

The Nonbypassable Transition Charge reconciliation included as Attachment 2 to this response is based on actual revenue and Contract Termination Charge (“CTC”) billings from New England Power Company (“NEP”) and the former Montaup Electric Company (“Montaup”) through July 2005 as shown on page 1 of Attachment 2. The balance of the reconciliation as of July 2005 is an over recovery of approximately \$597,000, and the Company does not expect any additional under or over recovery of CTC costs in the final two months of the reconciliation period.

The Company does not generally expect to incur a significant under or over recovery in the Nonbypassable Transition Charge reconciliation. Each year, the retail transition charge is designed as the weighted average of the CTC charges billed by NEP and Montaup. Both the CTC and the retail transition charge are billed based on the Company's kWh deliveries in each billing month and, therefore, the revenue billed to customers closely matches the cost incurred by the Company.

If the estimated Nonbypassable Transition Charge over recovery of \$597,000 is used to reduce the 2006 base transition charge, the effect on the total transition charge would be a reduction of 0.008¢ per kWh.

Prepared by or under the supervision of: Jeanne A. Lloyd

Narragansett Electric Company
Base Transmission Charge Reconciliation
October 2004 through September 2005**Projected Transmission Reconciliation Balance @September 30, 2005**

		Over/(Under) Beginning Balance	Transmission Revenue	Transmission Adjustment	Transmission Expense	Monthly Over/(Under)	Over/(Under) Ending Balance	Over/(Under) Ending Balance w/ Unbilled
	Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)
(1)	Oct-04	\$0	\$1,949,568	\$213,668	\$4,020,069	(\$1,856,833)	(\$1,856,833)	(\$216,493)
	Nov-04	(\$1,856,833)	\$2,982,437		\$4,253,498	(\$1,271,061)	(\$3,127,894)	(\$1,304,797)
	Dec-04	(\$3,127,894)	\$3,314,722		\$4,922,146	(\$1,607,424)	(\$4,735,318)	(\$2,837,721)
	Jan-05	(\$4,735,318)	\$3,450,176	\$4,575	\$3,573,561	(\$118,810)	(\$4,854,128)	(\$2,842,665)
	Feb-05	(\$4,854,128)	\$3,657,206		\$3,962,337	(\$305,131)	(\$5,159,260)	(\$3,140,135)
	Mar-05	(\$5,159,260)	\$3,671,135		\$4,143,227	(\$472,092)	(\$5,631,351)	(\$3,779,505)
	Apr-05	(\$5,631,351)	\$3,366,994		\$3,967,781	(\$600,787)	(\$6,232,139)	(\$4,482,149)
	May-05	(\$6,232,139)	\$3,181,800		\$4,383,181	(\$1,201,381)	(\$7,433,520)	(\$5,516,478)
	Jun-05	(\$7,433,520)	\$3,485,530		\$4,118,151	(\$632,621)	(\$8,066,140)	(\$5,838,579)
	Jul-05	(\$8,066,140)	\$4,050,112		\$4,227,938	(\$177,826)	(\$8,243,966)	(\$6,022,613)
	Aug-05	(\$8,243,966)	\$4,038,824		\$4,428,287	(\$389,463)	(\$8,633,429)	(\$6,540,700)
	Sep-05	(\$8,633,429)	\$3,804,961		\$3,721,332	\$83,629	(\$8,549,800)	(\$6,695,623)
(2)	Oct-05	(\$8,549,800)	\$1,854,177			\$1,854,177	(\$6,695,623)	
	Total	\$0	\$42,807,643	\$218,243	\$49,721,508	(\$6,695,623)	(\$6,695,623)	
	Interest through September 2005						(\$139,325)	
	Base Transmission Reconciliation Balance with Interest						(\$6,834,948)	

(1) Indicates estimated revenues for consumption on and after October 2004

(2) Indicates estimated revenues for September 2005 usage billed in October 2005

Column Descriptions:

(a) Prior Month Column (f); beginning balance per order in RIPUC Docket No. 3648.

(b) Actual revenue for the period October 2004 through July 2005 and estimated for the period August 2005 through October 2005

(c) October 2004: True-up of estimated September 2004 expenses of \$3,334,733 to actual expenses of \$3,121,064

Jan 2005: Remaining balance of transmission over recovery incurred during the period October 2002 through September 2003 and refunded January 2004 through Dec 2004

(d) Actual expense for the period October 2004 through May 2005; estimated for the period June 2005 through September 2005

(e) Column (b) + Column (c) - Column (d)

(f) Column (a) + Column (e)

(g) Column (g) + 55% of following month's Column (b)

The Narragansett Electric Company
Non-Bypassable Transition Charge Adjustment Reconciliation for the period October 2004 through July 2005

Company	(Under)/Over Beginning Balance (a)	Transition Charge Revenue (b)	Contract Termination Expense (c)	(Under)/Over (d)	(Under)/Over Ending Balance (e)	Interest (f)	(Under)/Over Ending Balance (g)
Narragansett	\$125,166	\$40,398,482	\$31,184,608	\$9,213,874	\$9,339,040	\$172,354	\$9,511,394
Blackstone Valley Electric	\$0	\$9,492,373	\$16,196,065	(\$6,703,692)	(\$6,703,692)	(\$165,411)	(\$6,869,102)
Newport	\$0	<u>\$4,325,812</u>	<u>\$6,317,647</u>	<u>(\$1,991,835)</u>	<u>(\$1,991,835)</u>	<u>(\$53,684)</u>	<u>(\$2,045,519)</u>
Total Company	\$125,166	\$54,216,667	\$53,698,320	\$518,347	\$643,513	(\$46,740)	\$596,773

Column (a) Beginning balance per order in RIPUC Docket No. 3648.
Column (b) Actual revenues for the peirod October 2004 through July 2005
Column (c) Actual CTC charges for the peirod October 2004 through July 2005
Column (d) column (b) - column (c)
Column (e) column (a) + column (d)
Column (f) Interest calculated at Customer Deposits rate
Column (g) column (e) + column (f)