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October 31, 2005

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New England Gas Company

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

Re: Docket No. 3696, Gas Cost Recovery

Dear Ms. Massaro:

At the Rhode Island Public Utility Commission's ("Commission") Open Meeting on Wednesday, October 26, 2005, the Commission voted to approve a 17.3% rate increase in New England Gas Company's ("NEGC" or "Company") GCR rate and directed the Company to defer \$13.2 million in undercollections. In granting this increase, the Commission relies on the Company's responses to RR-COMM-2. However, the Company provided the information available to it at the time and did not intend for the response to serve as a substitute to all rates provided in the initial and amended filings. As a result, the Company has discovered that its FT-2 Firm Transportation Marketer Gas Charge, its Pool Balancing Charge, and its Weighted Average Upstream Pipeline Transportation Cost were not approved subject to the October 20, 2005 NYMEX strip at the Open Meeting.

Therefore, consistent with the Commission's decision, unless directed otherwise the Company will calculate these factors based on the October 20, 2005 NYMEX strip used to derive the Company's approved 17.3% increase. In support of the Company's calculations, several backup worksheets have been provided to show the Company's cost allocations and derivations for these charges.

Thank you for your attention to this filing. Should you have any questions relative to these calculations, please do not hesitate to contact me at (401) 574-2309.

Sincerely,



Peter C. Czokanski
Director, Pricing

cc: Steve Frias, Commission
Tom Massaro, Commission
Steve Scialabba, Division
Bruce Oliver

Enclosures

100 Weybosset Street
Providence, RI 02903

www.negasco.com

Summary of Marketer Transportation Factors

Based on October 20, 2005 NYMEX

Item	Reference	Proposed	Billing Units
FT-2 Firm Transportation Marketer Gas Charge	pg 2	\$0.0479	Therms throughput of Marketer Pool
Pool Balancing Charge	pg 3	\$0.0024	Per % of balancing elected per Therm throughput of Marketer Pool
Weighted Average Upstream Pipeline Transportation Cost	GLB - 5	\$0.1439	Per Therm of capacity

Revised Gas Cost Recovery (GCR) Filing

Calculation of FT-2 Marketer Gas Charge

Based on October 20, 2005 NYMEX

I. Determination of FT-2 Storage Fixed Cost Factor

1	Allocated Storage Fixed Costs	reference	
2	C & I Medium	PCC 1, pg 3	\$1,559,366
3	C & I Large LLF	PCC 1, pg 3	\$567,828
4	C & I Large HLF	PCC 1, pg 3	\$159,927
5	C & I Extra Large LLF	PCC 1, pg 3	\$83,549
6	C & I Extra Large HLF	PCC 1, pg 3	<u>\$72,896</u>
7	sub-total	sum ([1]:[6])	\$2,443,565
8	Through-put (dth)	PCC 1, pg 12	7,510,987
9	Storage Fixed Factor	[7] / [8]	\$0.3253

II. Storage Variable Cost Factor PCC 1, pg 1 \$0.1440

TOTAL FT-2 Gas Marketer Charge (per Dth) \$0.4693

Uncollectible % Dkt 3401 2.10%

TOTAL FT-2 Gas Marketer Charge adj for uncollectible (\$/dth) \$0.4794

Calculation of Pool Balancing Charge
Based on October 20, 2005 NYMEX

	reference	Medium C&I	Large LLF	Large HLF	Extra Large LLF	Extra Large HLF	Total	
1	Throughput (dth)	PCC - 1, pg 12	4,704,091	1,597,668	624,969	240,356	343,903	7,510,987
2	% allocation		62.63%	21.27%	8.32%	3.20%	4.58%	100.00%
3	Supply Fixed Cost Factor	PCC - 1, pg 1	\$0.9232	\$0.9807	\$0.7056	\$0.9598	\$0.5846	
4	Storage Fixed Cost Factor	PCC - 1, pg 1	\$0.3315	\$0.3554	\$0.2559	\$0.3476	\$0.2120	
5	Storage Variable Cost Factor	PCC - 1, pg 1	\$1.1187	\$1.1187	\$1.1187	\$1.1187	\$1.1187	
6	Class Specific Pool Balancing Charge	$([1]+[2]+[3]) \times 1\%$	\$0.0237	\$0.0245	\$0.0208	\$0.0243	\$0.0192	
7	Class Specific Weighted Average (\$/dth)	$[6] \times [2]$	\$0.0149	\$0.0052	\$0.0017	\$0.0008	\$0.0009	\$0.0235
8	Uncollectible %	Docket 3401	2.10%	2.10%	2.10%	2.10%	2.10%	
9	Pool Balancing Charge adjusted for Uncollectible	$([7] / (1-[8]))$	\$0.0152	\$0.0053	\$0.0018	\$0.0008	\$0.0009	\$0.0240

New England Gas Company - RI Companies
Summary of Transportation Capacity Release
Pipeline Path Availability and Pricing
November 2005 - October 2006

Path to City Gate	As of 8/1/05 Existing Releases	Total Available	Remaining Available	Cost /Dth	New Credit/ Surcharge	Old Credit Surcharge
Company Weighted Average				\$1.439		
Tennessee Zone 1 to ProvGas	1,021	5,000	3,979	\$1.465	(\$0.025)	\$0.067
Algonquin @ Lambertville, NJ	682	2,714	2,032	\$1.259	\$0.180	\$0.075
Texas Eastern - South Texas Algonquin @ Lambertville, NJ	4,044	4,044	0	\$2.089	(\$0.650)	(\$0.490)
Texas Eastern - West La Algonquin @ Lambertville, NJ	1,615	3,000	1,385	\$2.010	(\$0.571)	(\$0.348)
Texas Eastern - East La Algonquin @ Lambertville, NJ	5,442	5,442	0	\$1.882	(\$0.442)	(\$0.236)
Columbia (Maumee/Downington) at 5:1 ratio**	0	3,000	3,000	\$0.944	\$0.495	\$0.302
Totals	12,804	23,200	10,396			

** Note: Marketers selecting this path are assigned 5/6 of the amount selected at the Maumee, Ohio receipt point into Columbia and 1/5 at the Downington, Pa. Receipt into Columbia.