

October 31, 2005

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: October 2005 Standard Offer Service Rate Filing**

Dear Ms. Massaro:

Enclosed on behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) are ten copies of the Company's Standard Offer Service Rate Filing. This filing contains the direct testimony and exhibits of Ronald T. Gerwatowski, Jeanne A. Lloyd and Michael J. Hager.

The Company's current Standard Offer Service rate of 8.2¢/kWh was approved by the Commission for consumption on and after October 1, 2005 in Docket 3689. During the course of that proceeding, the Company had updated its requested rate to 9.7¢/kWh because natural gas and crude oil price estimates had increase significantly from the prices relied upon in the Company's original filing. However, the Commission limited consideration of the Company's proposal to the evidence contained in the initial filing. Fuel prices remain at historically high levels and, based on the most recent estimates of fuel prices, the Company is now projecting an under collection of approximately \$173.6 million as of December 31, 2006. The Company's filing today sets forth a Standard Offer Service rate adjustment proposal to address this projected under recovery.

The Company is proposing to increase the Standard Offer Service rate from its current level of 8.2¢/kWh to 10.2¢/kWh effective December 1, 2005, and to maintain this Standard Offer Service rate through August 2006. As explained in the attached testimony, the Company's Standard Offer service costs are sensitive to the prices for natural gas and oil, because some of the contracts with the largest share of load have pricing mechanisms that are tied to those fuel prices. In order to avoid the accumulation of significant deferrals arising from the rapidly escalating costs of natural gas and oil, the Company believes it is critical to raise the rate again to have the Standard Offer Service rate match projected costs. The proposed rate of 10.2¢/kWh is designed to address this issue by collecting the estimated costs of providing service through August of 2006 with no significant over or under-collection resulting. In addition, the 10.2¢/kWh rate includes the four mill/kWh increase in the underlying wholesale rate for Standard Offer Service that is effective during the period from January through December 2006.

Luly Massaro, Commission Clerk

October 31, 2005

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The Commission may be considering implementing the rate change on January 1, 2006, rather than December 1. In such case, the Company strongly recommends an earlier effective date because the loss of one month of incremental revenue has a significant effect on the rate. If, however, the Commission decides to delay implementation of the rate change to January 1, 2006, the Company is proposing a rate of 10.5¢ per kWh.

Based on a 10.2¢/kWh Standard Offer Service rate commencing December 1, a typical residential customer using 500 kWh per month would see a bill increase of \$10.42 or approximately 14.8%. If the rate of 10.5¢/kWh is implemented on January 1, 2006, a typical residential customer using 500 kWh per month would see a bill increase of \$11.98 or approximately 17.0%

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (508) 389-2877.

Very truly yours,



Thomas G. Robinson

cc: Docket 3689 Service List

National Grid

October 2005 Standard Offer Service  
Rate Filing

Testimony and Exhibits  
Of  
Ronald T. Gerwatowski,  
Jeanne A. Lloyd and  
Michael J. Hager

October 31, 2005

Submitted to:  
Rhode Island Public Utilities Commission  
R.I.P.U.C. Docket No. \_\_\_\_\_

Submitted by:

The logo for National Grid, featuring the word "national" in a light blue sans-serif font and "grid" in a darker blue sans-serif font, with a small blue diamond shape above the letter 'i' in "grid".

Testimony of  
Ronald T. Gerwatowski

**DIRECT TESTIMONY**  
**OF**  
**RONALD T. GERWATOWSKI**

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1 **I. Introduction**

2 Q. Please state your full name and business address.

3 A. My name is Ronald T. Gerwatowski, and my business address is 55 Bearfoot Road,  
4 Northborough, Massachusetts, 01532.

5  
6 Q. Please state your position.

7 A. I am Vice President of Distribution Regulatory Services for The Narragansett Electric Company,  
8 doing business as National Grid (“National Grid” or the “Company”). In my capacity as Vice  
9 President, I am responsible for the Company’s distribution rates and regulatory support group,  
10 which we refer to as the Distribution Regulatory Services Department. This Department, for  
11 which I have supervisory responsibility, provides rate-related support not only to Rhode Island,  
12 but also to the other National Grid retail distribution companies in Massachusetts and New  
13 Hampshire, of which I also am Vice President.

14  
15 Q. Please describe your educational background.

16 A. I graduated from Westfield State College in 1978. I also attended the University of Puerto Rico  
17 for one year in 1976-77. I received a Masters of Education degree from Fitchburg State College  
18 in 1982. I then went to law school and received a Juris Doctor, magna cum laude, from Boston  
19 College Law School in 1985, where I served on the Law Review.

20  
21 Q. Please describe your professional experience.

22 A. Before going to law school, I was a public school teacher in the Springfield, Massachusetts  
23 school system. After graduating from law school, I was an associate at the Boston law firm of  
24 Testa, Hurwitz & Thibeault in 1985 and 1986. I left the firm and joined the legal department of  
25 New England Electric System (“NEES”) in 1987, the predecessor to National Grid USA. In

1 1990, I was regulatory counsel for The Narragansett Electric Company, where I practiced before  
2 the Rhode Island Public Utilities Commission (“Commission”) until mid-1994. At that time, I  
3 returned to the corporate headquarters for NEES and worked in the legal department on fuel-  
4 related regulatory matters pertaining to the generation plants that were owned by NEES at the  
5 time. In 1998, after industry restructuring in Rhode Island, I returned to The Narragansett  
6 Electric Company as General Counsel and continued in that position until the spring of 2002. I  
7 then became General Counsel of Niagara Mohawk Power Corporation in Syracuse, New York,  
8 after National Grid USA acquired Niagara Mohawk. I served in that capacity until May 1, 2005,  
9 when I took my current position as Vice President of Distribution Regulatory Services in New  
10 England.

11  
12 Q. Have you previously testified before the Commission?

13 A. Yes. I testified in Docket 3689.

14  
15 **II. Purpose of Testimony**

16 Q. What is the purpose of your testimony?

17 A. The purpose of my testimony is to summarize the Company’s filing, set forth a range of  
18 alternatives for the Commission to consider in setting a new Standard Offer Service rate, and  
19 provide some general information about how rising fuel costs are impacting other utilities outside  
20 of Rhode Island.

21  
22 **III. Overview of the Filing**

23 Q. Please provide an overview of the Company’s filing.

24 A. In this filing, the Company proposes to increase its Standard Offer Service rate from the current  
25 rate of 8.2¢ per kWh to 10.2¢ per kWh, effective December 1, 2005, and to maintain this

1 Standard Offer Service rate through December 2006. This represents a 14.8% increase on the bill  
2 of a typical residential customer taking Standard Offer Service and using 500 kWh per month.  
3 The Company's filing consists of the testimony and exhibits of Jeanne A. Lloyd, which provides  
4 the details regarding the calculation of the proposed rate, and the testimony and exhibits of  
5 Michael J. Hager, which addresses the fuel pricing provisions in some of the Company's power  
6 supply contracts that are creating the need to increase the rate. The Company's proposal is based  
7 on an effective date of December 1, 2005. If, however, the Commission desires to delay the  
8 effective date until January 1, 2006, the Company proposes a rate of 10.5¢ per kWh. This  
9 alternative would represent a 17% increase on the bill of a typical residential customer taking  
10 Standard Offer Service and using 500 kWh per month. Each of these alternative rates is based on  
11 a rate calculated over a nine month period based on projected expenses for the applicable nine  
12 months, plus the recovery of nine month's of the estimated under recovery balance of  
13 approximately \$16 million, or \$12 million, as described in the testimony of Jeanne Lloyd.  
14

15 **IV. Reason for Rate Increase**

16 Q. The Commission just approved an increase to the Standard Offer Rate effective October 1, 2005  
17 in Docket 3689. Why is the Company proposing another increase at this time?

18 A. The Company's initial filing in Docket 3689 was made at the end of July 2005. As stated in the  
19 testimony at that time, the increase was being driven by rapidly escalating natural gas and oil  
20 prices, which impact the pricing under several of our wholesale standard offer service contracts  
21 that we have with suppliers. In the initial filing, we proposed the 8.2¢ per kWh rate that the  
22 Commission ultimately approved. During the time that passed from the original filing to the time  
23 of the hearings, however, two hurricanes hit the Gulf Coast, having a significant impact on  
24 natural gas production, thus impacting natural gas and oil markets. The price impact was  
25 dramatic and the Company sought to update the increase in the Standard Offer Service rate to

1 9.7¢ per kWh. The Attorney General objected to the update on notice grounds. Thus, the  
2 Commission limited consideration of the rate increase to the original 8.2¢ per kWh. Fuel prices  
3 have not abated since the update submitted during the September hearings. For that reason, it is  
4 important to increase the rate again to cover the substantial deferrals that otherwise would build  
5 up if the rate is not changed.

6  
7 Q. What is the size of the expected under-recovery and deferral if the rate of 8.2¢ per kWh remained  
8 unchanged?

9 A. As indicated by Ms. Lloyd in her testimony, assuming a continuation of the current Standard  
10 Offer Service rate of 8.2¢ per kWh, the projected under recovery through June of 2006 is  
11 estimated to exceed \$78 million. If it was left unchanged through the end of 2006, the under  
12 recovery would exceed \$173 million. These deferral estimates are far above \$16 million, which  
13 is the amount that was specified by the Commission in Dockets 3508 and 3571 that should trigger  
14 consideration of adjusting the rate. These projected under recoveries are substantial, financially  
15 material, and too large to ignore.

16  
17 **V. Alternatives to the Company's Proposal**

18 Q. Why is the Company proposing a rate based on nine months?

19 A. Typically, the Company proposes a rate designed over a twelve month period. However, in this  
20 case, there is so much uncertainty associated with projecting fuel prices, that the Company  
21 believes it is preferable at this time to use a nine month rate. The nine month rate also reduces the  
22 projected under recovery through 2006 to an amount that is closer to the Commission's trigger  
23 value of \$16 million by the end of 2006, if that rate remained unchanged for the entire year.

24  
25 Q. Did the Company consider other alternative designs for the Standard Offer Service rate?

1 A. Yes. Exhibit RTG-1 shows the resulting Standard Offer Service rate under different scenarios.  
2 Specifically, in the first table, the projected deferrals are shown for a 6-month, 9-month, and 12-  
3 month rate, respectively. Alternatively, the Commission might consider a 6-month rate, which  
4 would be 9.9¢ per kWh on December 1. Under that scenario, the under recovery remains  
5 manageable through June, but increases dramatically for the summer, resulting in a projected  
6 under recovery of \$32 million by the end of September. Thus, under that scenario, it is much  
7 more likely that another rate change would be needed by the middle of 2006 to stay under the  
8 Commission's \$16 million deferral trigger. Using the 6-month rate, on the other hand, increases  
9 the potential for rate stability through 2006.

10  
11 Q. What happens if the rate is not put into effect until January 1, 2006?

12 A. There is a significant impact on the rate by losing a month of additional revenue in December.  
13 As can be seen in Exhibit RTG-1, the under recovery grows by an additional \$12 million when  
14 the effective date for a 9-month rate is delayed by one month. For that reason, the Company  
15 strongly urges the Commission to approve a rate change with an effective date of December 1. If,  
16 however, the Commission delays the effective date, the Company is recommending a 9-month  
17 rate of 10.5¢ per kWh on January 1 for the same reason the Company is recommending a 9-  
18 month rate if the rate change occurs on December 1.

19  
20 **VI. Rate Increases in Other Jurisdictions**

21 Q. Are other states facing similar increases in power costs?

22 A. Yes. In neighboring Massachusetts, customers are seeing increases that are even higher than  
23 what is contemplated in this filing. For example, National Grid's Massachusetts' affiliate put into  
24 effect a residential Basic Service rate of 10.7¢ per kWh for the period from November 2005  
25 through April 2006. The rate for large commercial and industrial customers for January is, on

1 average, more than 15¢ per kWh. Exhibit RTG-2 contains the tariff supplement for Basic Service  
2 rates for National Grid in Massachusetts.

3  
4 In addition, Unital's Massachusetts subsidiary just filed for an increase in its Basic Service rates  
5 that equates to a 31% increase in the total bill of a typical residential customer. The rate for  
6 residential customers of Fitchburg Gas & Electric Company, commencing December 1, 2005,  
7 will be over 12¢ per kWh. The rate for large commercial customers will be over 15¢ per kWh in  
8 December, and over 20¢ per kWh for January and February 2006. Also include in Exhibit RTG-  
9 2 is the Fitchburg Gas & Electric default service tariff.

10  
11 Q. Are there other examples in New England?

12 A. Yes. Unital's New Hampshire affiliate also filed for an increase in its Default Service rates for its  
13 largest customers that equates to a 60% increase in the average total bill. The fixed Default  
14 Service rate for smaller customers in this class will be 13.6¢ per kWh. For the month of January,  
15 the largest customers in this class, who are subject to a monthly variable rate, would pay 16.9¢  
16 per kWh.

17  
18 Likewise, in Vermont, where the utilities are still vertically integrated, Vermont Electric  
19 Cooperative filed for an increase equal to 11.4% and customers of Citizens Utilities would be  
20 seeing an increase of 17.7% resulting from higher power costs.

21  
22 Q. Are there examples outside of New England?

23 A. Yes. The impact of rising fuel prices is being felt everywhere, including states that are open to  
24 retail competition and those still served by traditional vertically integrated utilities. For example,  
25 in Texas, TXU Energy filed for increases in their commodity service that will equate to a 24%

1 increase in total bills as of January 1, 2006. Similarly, Reliant Energy asked the Public Utilities  
2 Commission of Texas for increases that will equate to a 25% increase as of January 1.

3  
4 Florida Power & Light filed for an increase on October 14, 2005 that received a significant  
5 amount of attention. Its request varied by rate class: 16% for residential, 21%-29% for small and  
6 medium businesses, and 26%-37% for large businesses. In Colorado, Excel Energy filed to  
7 increase its commodity rates, equating to a total bill increase of 30% for residential customers. In  
8 Wisconsin, Wisconsin Public Service Corporation filed for an increase equating to a 17.1%  
9 increase in residential bills.

10  
11 There is nothing that would lead the Company to believe that this trend will end, as fuel price  
12 increases impact power costs. Thus, Rhode Island is not the only area of the country being  
13 impacted by rising natural gas and oil prices.

14  
15 **VII. Conclusion**

16 Q. Does this conclude your testimony?

17 A. Yes.

Exhibits

Exhibit RTG-1	Alternatives to Proposed Rate
Exhibit RTG-2	Basic Service Tariff Supplement for Massachusetts

Exhibit RTG-1

Alternatives to Proposed Rate

Exhibit RTG-2

Basic Service Tariff Supplement for Massachusetts

And

Default Service Tariff – Fitchburg Gas and Electric Light Company

Exhibits of  
Ronald T. Gerwatowski

Exhibits

Exhibit RTG-1	Alternatives to Proposed Rate
Exhibit RTG-2	Basic Service Tariff Supplement for Massachusetts



Exhibit RTG-1

Alternatives to Proposed Rate

Standard Offer Pricing Options and Quarterly Deferrals

Deferrals Based on the Fuel Prices as Reported in the WSJ on October 24, 25 and 26, 2005

	Current rate	6-month rate	9-month rate	13-month rate
Effective Date	December 1, 2005			
Rate per kWh	8.2¢	9.9¢	10.2¢	10.4¢
Deferral @ 12/31/05	(\$18.3)	(\$7.9)	(\$6.0)	(\$4.8)
Deferral @ 03/31/06	(\$48.2)	(\$8.2)	(\$1.1)	\$3.6
Deferral @ 06/30/06	(\$79.1)	(\$11.1)	\$0.8	\$9.8
Deferral @ 09/30/06	(\$131.7)	(\$32.0)	(\$14.5)	(\$2.7)
Deferral @ 12/31/06	(\$172.0)	(\$40.1)	(\$17.3)	(\$1.8)

	Current rate	6-month rate	9 month rate	12 month rate
Effective Date	January 1, 2006			
Rate per kWh	8.2¢	10.2¢	10.5¢	10.6¢
Deferral @ 12/31/05	(\$18.3)	(\$18.3)	(\$18.3)	(\$18.3)
Deferral @ 03/31/06	(\$48.2)	(\$13.4)	(\$8.2)	(\$6.4)
Deferral @ 06/30/06	(\$79.1)	(\$11.4)	(\$1.3)	\$2.1
Deferral @ 09/30/06	(\$131.7)	(\$26.7)	(\$11.0)	(\$5.7)
Deferral @ 12/31/06	(\$172.0)	(\$29.8)	(\$8.5)	(\$1.4)



Exhibit RTG-2

Basic Service Tariff Supplement for Massachusetts

And

Default Service Tariff – Fitchburg Gas and Electric Light Company

MASSACHUSETTS ELECTRIC COMPANY  
 NANTUCKET ELECTRIC COMPANY  
 SUPPLEMENT TO TARIFF FOR DEFAULT SERVICE  
 FOR THE PERIOD NOVEMBER 2005 THROUGH APRIL 2006

In accordance with the terms of the Tariff for Default Service, the rates for Default Service for customers receiving such service from the Company, are as follows. All rates will be applied as a uniform ¢ per kWh charge, for usage on and after the first day of each calendar month.

Rate	Tariff					
	R-1, R-2	G-1	G-2, G-3			S-1, S-2
	R-4, E		SEMA	WCMA	NEMA	S-3, S-5, S-20
Fixed Price Option:	10.718¢	10.500¢	13.059¢	13.382¢	14.113¢	10.500¢
Variable Price Option:						
November 2005	9.382¢	9.205¢	11.170¢	11.492¢	12.413¢	9.205¢
December 2005	10.106¢	9.955¢	12.175¢	12.475¢	12.876¢	9.955¢
January 2006	12.786¢	12.602¢	15.776¢	16.124¢	17.010¢	12.602¢
February 2006	12.576¢	12.417¢	n/a	n/a	n/a	12.417¢
March 2006	9.999¢	9.940¢	n/a	n/a	n/a	9.940¢
April 2006	8.581¢	8.397¢	n/a	n/a	n/a	8.397¢

The Fixed Price Option for Residential and Commercial customer groups (R-1, R-2, R-4, E, G-1, S-1, S-2, S-3, S-5, S-20) is effective for the period November 1, 2005 through April 30, 2006. The Fixed Price Option for the Industrial customer group (G-2, G-3) is effective for the period November 1, 2005 through January 31, 2006.

Effective: November 1, 2005

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
DEFAULT SERVICE  
SCHEDULE DS

1. General

This Tariff may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDTE regulations and Massachusetts law. In case of conflict between this Tariff and any orders or regulations of the MDTE, said orders or regulations shall govern.

2. Definitions

- A. "Company" shall mean Fitchburg Gas and Electric Light Company.
- B. "Competitive Supplier" shall mean any entity licensed by the MDTE to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.
- C. "Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.
- D. "Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.
- E. "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.
- F. "Distribution Company" shall mean an electric company organized under the laws of Massachusetts that provides Distribution Service in Massachusetts.
- G. "Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company.
- H. "Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.
- I. "MDTE" shall mean the Massachusetts Department of Telecommunications and Energy.

3. Availability

Default Service shall be available to any Customer who is not receiving Generation Service from a Competitive Supplier.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
DEFAULT SERVICE  
**SCHEDULE DS (continued)**

4. Rates

Fixed Pricing Option:

This pricing option is available to all customers.

Effective January 1, 2001, all residential customers on Schedules RD-1 and RD-2 and small general service customers on Schedule GD-1 receiving Default Service will automatically be placed on this fixed rate, unless the Customer elects the Variable Monthly Pricing Option.

The fixed rate will remain the same for three or six months at a time and will be based on the average monthly wholesale price over the three or six-month period that the Company pays to its Default Service provider. The rate is fixed for a period of three months for customers on Schedule GD-3. The rate is fixed for six months for customers on Schedules RD-1, RD-2, GD-1, GD-2, GD-4, GD-5 and SD.

Customers assigned to this Fixed Pricing Option may choose the Variable Monthly Pricing Option. Customers electing the Variable Monthly Pricing Option will not have the opportunity to switch back to the Fixed Pricing Option for as long as the Customer continues to receive uninterrupted Default Service.

Monthly bills will be recalculated for Customers who are on the Fixed Pricing Option for Default Service and decide to switch to a competitive supplier before the three or six-month period is over. The electric bill for the period of the fixed three or six month rate will be recalculated using the monthly variable rate for that period. This ensures that all consumers pay the actual cost of electricity they have used. This adjustment may be a credit or a debit, and will be reflected on the first bill after the switch is effective.

Residential customers on Schedules RD-1 and RD-2 and small general service customers on Schedule GD-1 who switch to a competitive supplier and later return to Default Service will be initially placed on the Fixed Pricing Option unless the Customer elects the Variable Monthly Pricing Option.

The rates for Fixed Pricing Option Default Service<sup>1</sup> shall be as follows:

For Schedules RD-1, RD-2:	\$0.12250 per kWh
For Schedule GD-1:	\$0.12273 per kWh
For Schedules GD-2, GD-4, GD-5, SD:	\$0.12482 per kWh
For Schedule GD-3:	\$0.18999 per kWh

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<sup>1</sup> Includes Default Service Costs Adder of \$0.00104 per kWh approved in D.T.E. 03-88 A-F.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
 DEFAULT SERVICE  
**SCHEDULE DS (continued)**

Variable Monthly Pricing Option:

This option is available to all customers.

Effective January 1, 2001, general service customers on Schedules GD-2, GD-3, GD-4, and GD-5 and outdoor lighting customers on Schedule SD receiving Default Service will automatically be placed on this variable monthly rate option, unless the Customer elects the Fixed Pricing Option.

The variable rate will change from month to month reflecting the monthly wholesale price that the Company pays to its Default Service provider.

Customers assigned to the Variable Monthly Pricing Option may choose the Fixed Pricing Option. Customers electing the Fixed Pricing Option will not have the opportunity to switch back to the Variable Monthly Pricing Option for as long as the Customer continues to receive uninterrupted Default Service.

General service customers on Schedules GD-2, GD-3, GD-4, and GD-5 and outdoor lighting customers on Schedule SD who decide to switch to a competitive supplier and later return to Default Service will be initially placed on the Variable Monthly Pricing Option, unless the Customer elects the Fixed Pricing Option.

The rates for Variable Monthly Pricing Option Default Service<sup>2</sup> shall be as follows (per kWh):

<u>Class</u>	<u>December 2005</u>	<u>January 2006</u>	<u>February 2006</u>	<u>March 2006</u>	<u>April 2006</u>	<u>May 2006</u>
Residential: Schedules RD-1 and RD-2	\$ 0.11467	\$ 0.14746	\$ 0.14734	\$ 0.11865	\$ 0.09828	\$ 0.09291
Small General Service: Schedule GD-1	\$ 0.11488	\$ 0.14773	\$ 0.14761	\$ 0.11887	\$ 0.09846	\$ 0.09308
Regular General Service and Outdoor Lighting: Schedules GD-2, GD-4, GD-5 and SD	\$ 0.11625	\$ 0.15367	\$ 0.15360	\$ 0.12084	\$ 0.10003	\$ 0.09694
Large General Service: Schedule GD-3	\$ 0.15641	\$ 0.20742	\$ 0.20613	N/A	N/A	N/A

These rate(s) for Default Service are established through a competitive bidding process, but in no case shall exceed the average monthly market price for electricity, as determined by the MDTE.

<sup>2</sup> Includes Default Service Costs Adder of \$0.00104/kWh approved in D.T.E. 03-88 A-F.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
DEFAULT SERVICE  
**SCHEDULE DS (continued)**

Customers will be notified of changes in Default Service rates in advance of their effective dates in accordance with guidelines set forth by the MDTE, as may be amended from time to time. Such notifications will be made in a variety of manners including a toll free number, the Company's website, bill inserts, and bill messages. Notification of rates will be made via the Company's website at [www.unitil.com](http://www.unitil.com) and a toll free number 30 days in advance of the effective date. Default Customers will receive 60 day notification of upcoming rate changes via a bill message and 30 day notification of the new rates via a bill message. All customers will receive a bill insert explaining Default Service in the billing cycle prior to the rate change.

5. Billing

Each Customer receiving Default Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

6. Initiation of Default Service

Default service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Company that he wishes to terminate such service and receive Default Service. In this instance, Default Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Default Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- B. A Competitive Supplier notifies the Company that it shall terminate Generation Service to a Customer. In this instance, Default Service shall be initiated for the Customer concurrent with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Company. In this instance, Default Service to the Customer shall be initiated immediately upon the cessation of Generation Service.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
DEFAULT SERVICE  
**SCHEDULE DS (continued)**

7. Termination of Default Service

Default Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the notice of initiation of Generation Service by the Competitive Supplier is received by the Company fewer than two days before the Customer's next scheduled meter read date, Default Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Default Service.

8. Reconciliation of Default Service Costs

At the end of each calendar year, the Company shall reconcile recoveries with the cost of Default Service pursuant to the Company's Default Service Adjustment - Schedule DSA, MDTE No. 101. Beginning June 1, 2005 these costs include the following:

A. Supplier Costs: The costs billed to FG&E by its Default Service providers plus the cost of Renewable Energy Certificates purchased for Default Service in compliance with 225 CMR 14.00 – Renewable Energy Portfolio Standard. Renewable Energy Certificates are the title or claim for the generation attributes associated with a Renewable Generator that is compliant with the definition of a New Renewable Generation Source as found in 225 CMR 14.00 – Renewable Energy Portfolio Standard.

Recoveries and costs associated with the Default Service Costs Adder shall be excluded from this reconciliation since the Default Service Costs Adder is separately reconciled as discussed below.

9. Default Service Costs Adder

Effective June 1, 2005, the Default Service rates will include the Default Service Costs Adder. The Company shall perform an annual reconciliation of recoveries with the costs of the Default Service Costs Adder and credit or charge any imbalances, with interest, in the computation of the Default Service Costs Adder for the following twelve month period. Interest shall be calculated using the prime rate after tax (i.e. prime rate \* (1 – tax rate)). The tax rate shall be the combined federal and state income tax rate. The prime rate is to be fixed on a quarterly basis and established as reported in The WALL STREET JOURNAL on the first business day of the month preceding the calendar quarter; if more than one rate is

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
DEFAULT SERVICE  
**SCHEDULE DS (continued)**

reported, the average of the reported rates shall be used. The Company may file to change the factor at any time should significant over- or under-recoveries occur or be expected to occur.

The Default Service Costs Adder shall include the following costs associated with Default Service:

A. Cost of Working Capital, calculated as follows,

Cost of Working Capital = Working Capital Requirement \* Tax Adjusted Cost of Capital,

where:

Working Capital Requirement = Supplier Costs \* Number of Days Lag/365

Number of Days Lag is the number of days lag to calculate the purchased power working capital requirement as defined in the Company's most recent Lead Lag Study approved by the Department,

Tax Adjusted Cost of Capital = Cost of Debt + (Cost of Equity/(1-Effective Tax Rate))

where:

The Cost of Debt is the debt component of the rate of return as approved by the Department in the Company's most recent base rate case,

The Cost of Equity is the equity component of the rate of return as approved by the Department in the Company's most recent base rate case, and

The Effective Tax Rate is the combined effective state and federal income tax rate;

B. Bad Debt Costs, calculated as follows,

Bad Debt Costs = Bad Debt Expense \* Allocation Factor

where:

Bad Debt Expense are test year bad debt expense as approved by the Department in the Company's most recent base rate case,

The Allocation Factor as approved by the Department in the Company's reconciliation filing. Such allocation factor shall be based on a percentage of actual account write-offs recorded and tracked for the DS billing components to total write-offs.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
DEFAULT SERVICE  
**SCHEDULE DS (continued)**

- C. Administrative cost of compliance with Massachusetts Renewable Energy Portfolio Standard, 225 CMR 14. Annually, these costs shall be \$421.32.
- D. Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts with suppliers, including accounting activities necessary to track payments made to suppliers. Annually, these costs shall be \$17,278.32.
- E. Cost of compliance with MDTE's regulatory requirements including required communication with Default Service customers pursuant to 220 CMR 11.06. Annually, these costs shall be \$51,933.32.

Annually, the costs in C., D. and E. above sum to \$69,632.96 and shall be fixed until the next general distribution rate case in which the Company proposes or the MDTE directs the removal of Default Service-related costs, or unless otherwise proposed to be adjusted by the Company, subject to approval by the MDTE. However, at such time that the migration of the Company's customers from Default Service to competitive supply increases to a significant level as compared to the level at the time these costs were developed, the costs detailed above may be adjusted to reflect the decline in Default Service customers.



**DIRECT TESTIMONY**  
**OF**  
**JEANNE A. LLOYD**

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1 **I. Introduction and Qualifications**

2 Q. Please state your full name and business address.

3 A. My name is Jeanne A. Lloyd, and my business address is 55 Bearfoot Road,  
4 Northborough, Massachusetts 01532.

5  
6 Q. Please state your position.

7 A. I am a Principal Financial Analyst in the Distribution Regulatory Services Department of  
8 National Grid USA Service Company, Inc. The Distribution Regulatory Services  
9 Department provides rate related support to The Narragansett Electric Company d/b/a  
10 National Grid (“National Grid” or “Company”).

11  
12 Q. Please describe your educational background and training.

13 A. In 1980, I graduated from Bradley University in Peoria, Illinois with a Bachelor’s Degree  
14 in English. In December 1982, I received a Master of Arts Degree in Economics from  
15 Northern Illinois University in De Kalb, Illinois.

16  
17 Q. Please describe your professional experience?

18 A. I was employed by EUA Service Corporation in December 1990 as an Analyst in the  
19 Rate Department. I was promoted to Senior Rate Analyst on January 1, 1993. My  
20 responsibilities included the study, analysis and design of the retail electric service rates,  
21 rate riders and special contracts for the EUA retail companies. I assumed my present  
22 position after the merger of New England Electric System and Eastern Utilities  
23 Associates in April 2000. Prior to my employment at EUA, I was on the staff of the  
24 Missouri Public Service Commission in Jefferson City, Missouri in the position of

1 research economist. My responsibilities included presenting both written and oral  
2 testimony before the Missouri Commission in the areas of cost of service and rate design  
3 for electric and natural gas rate proceedings.

4  
5 Q. Have you previously testified before Rhode Island Public Utilities Commission  
6 (“Commission”)?

7 A. Yes.

8  
9 **II. Purpose of Testimony**

10 Q. What is the purpose of the Company’s filing?

11 A. The Company is requesting Commission approval to increase the current Standard Offer  
12 Service rate of 8.2¢ per kWh to 10.2¢ per kWh effective December 1, 2005. The  
13 requested increase is based upon a scheduled increase in the wholesale base Standard  
14 Offer Service price from 5.5¢ per kWh for calendar year 2005 to 5.9¢ per kWh for  
15 calendar year 2006 plus increased fuel index payments the Company expects to make  
16 under some of its Standard Offer Service supply contracts next year. In addition, the  
17 proposed rate is designed to recover estimated Standard Offer Service costs over the  
18 nine-month period of December 2005 through August 2006. As part of this filing, the  
19 Company is also requesting Commission approval of the annual Standard Offer Service  
20 reconciliation.

21  
22 The total impact of the Standard Offer Service rate change proposed by the Company in  
23 this proceeding would be an increase in the typical monthly 500 kWh bill of a residential  
24 customer of \$10.42 per month or approximately 14.8%, from \$70.58 to \$81.00.

1 **III. Standard Offer Service Rate Proposal**

2 Current Standard Offer Service Rate

3 Q. What is the Company's current Standard Offer Service rate?

4 A. Effective October 1, 2005, the Company implemented its current Standard Offer Service  
5 rate of 8.2¢ per kWh.

6  
7 Q. Is that rate sufficient to cover estimated Standard Offer Service costs in the upcoming  
8 months?

9 A. No, based on the most recent estimates of natural gas and crude oil futures prices, it is  
10 not.

11  
12 Q. Has the Company prepared an estimate of costs expected to be incurred for the period  
13 December 2005 through December 2006?

14 A. Yes. The Company's Energy Supply Department has provided an estimate of Standard  
15 Offer Service expenses, including fuel index payments, expected to be incurred for the  
16 period December 2005 through December 2006 that is explained in detail in the  
17 testimony of Mr. Michael J. Hager.

18  
19 Q. Based on the current Standard Offer Service rate of 8.2¢ per kWh and the most recent  
20 forecast of fuel prices, does the Company expect to incur an under recovery of Standard  
21 Offer Service costs through December 2006?

22 A. Yes. Exhibit JAL-1 shows that, based on the most recent forecast of fuel prices, the  
23 Company expects to incur an under recovery of approximately \$173.6 million through  
24 December 2006 if the current Standard Offer Service rate were to remain in effect for that

1 entire period. Exhibit JAL-1, page 1, described in more detail below, shows an under  
2 collection of Standard Offer Service expenses through September 2006 of approximately  
3 \$134.8 million and a projected under recovery through December 2006 of approximately  
4 \$173.6 million.

5  
6 Q. Please describe the development of the projected Standard Offer Service reconciliation.

7 A. Pages 2 and 3 of Exhibit JAL-1 support the calculation of the projected revenue and  
8 expenses. Projected revenue is estimated on page 2 by applying the current Standard  
9 Offer Service rate of 8.2¢ per kWh to the Company's forecasted retail Standard Offer  
10 Service kWh deliveries. Standard Offer Service base expenses are calculated on page 3  
11 by multiplying the forecasted Standard Offer Service kWh deliveries by the base  
12 wholesale charge in effect for each period under the Company's wholesale Standard  
13 Offer Service supply contracts. Estimated fuel index payments have been calculated in  
14 accordance with the formula specified in the wholesale contracts using the average of  
15 projected gas and crude oil prices reported in the Wall Street Journal on October 25, 26  
16 and 27, 2005.

17  
18 Q. Please describe the adjustments shown in Column (g) of the Standard Offer Service  
19 reconciliation.

20 A. The adjustments shown in Column (g) of Page 1 of the reconciliation reflect: (1)  
21 estimated NEPOOL Generation Information System ("NE-GIS") expenses of  
22 approximately \$44,000 to be incurred through December 2006 and (2) protest payments  
23 of approximately \$18.6 million projected to be made to one of the Company's Standard  
24 Offer suppliers.

1        Standard Offer Service Rate Proposal

2        Q.     Is the Company proposing a change to the current Standard Offer Service rate?

3        A.     Yes. The Company is proposing a Standard Offer Service rate of 10.2¢ per kWh  
4        beginning December 1, 2005. The calculation of the proposed rate is shown on Exhibit  
5        JAL-2. Column (a) shows the estimated monthly fuel adjustments for the period  
6        December 2005 through August 2006. The base Standard Offer Service price in effect in  
7        each month is shown in Column (b). The sum of the two individual charges is shown in  
8        Column (c). Column (d) is the projected Standard Offer Service kWh deliveries for each  
9        month. Columns (e) and (f) estimate monthly Standard Offer Service fuel index  
10       payments and Standard Offer Service base charges, respectively, by multiplying the  
11       appropriate charge by the projected Standard Offer Service kWh deliveries. Column (g)  
12       is the estimated adjustments to Standard Offer Service expenses as shown on Exhibit  
13       JAL-1, page 1, Column (g). Column (h) sums the fuel index payments, the base charges  
14       and the adjustments resulting in the total estimated Standard Offer Service expense in  
15       each month. The proposed Standard Offer Service rate is calculated by summing the  
16       estimated expenses for the nine months plus three-fourths of the expected under recovery  
17       as of November 30, 2005 of about \$16.2 million, or approximately \$12.1 million, and  
18       dividing the total by the estimated Standard Offer Service kWh deliveries for the same  
19       period, resulting in a overall Standard Offer Service rate of 10.2¢ per kWh.

20

21

22       Q.     Has the Company considered any alternatives to the Standard Offer Service rate it is  
23       proposing?

24       A.     The Company has evaluated several alternative Standard Offer Service rates. The

1 various options considered and the resulting quarterly deferrals associated with each  
2 option are illustrated in Exhibit RTG-1 and discussed in the testimony of Mr. Ronald T.  
3 Gerwatowski. The rates shown in Exhibit RTG-1 are calculated assuming various  
4 effective periods and are calculated in a manner similar to the method described above  
5 used to calculate the proposed Standard Offer Service rate.

6  
7 Q. What if the fuel price estimates prove to be incorrect and the expected fuel index  
8 payments are significantly different than those currently projected?

9 A. As has been done in the past pursuant to Commission directives in Docket Nos. 3508 and  
10 3571, the Company intends to continue to monitor and report the balance in the Standard  
11 Offer Service and file monthly reports with the Commission showing the projected  
12 reconciliation balance through August 2006 using the most recent fuel price estimates  
13 available. Should the balance exceed \$16 million in either direction, the Company will  
14 evaluate the need for an adjustment to the rate.

15  
16 **IV. 2005 Standard Offer Service Reconciliation**

17 Q. Has the Company prepared a Standard Offer Service reconciliation for the period October  
18 2004 through September 2005?

19 A. Yes. The Company is required, on an annual basis, to reconcile its total cost of  
20 purchased power for Standard Offer Service and Last Resort Service supply against its  
21 total purchased power revenue pursuant to the Standard Offer Adjustment Provision,  
22 R.I.P.U.C. No. 1153. The Company's Standard Offer Service reconciliation for the  
23 period October 2004 through September 2005 is shown in Exhibit JAL-3, Page 1. The  
24 reconciliation compares Standard Offer Service revenue to the Standard Offer Service

1 expenses that the Company has incurred pursuant to contracts with its wholesale  
2 suppliers of Standard Offer Service, plus any adjustments.

3  
4 Q. Please describe the costs that National Grid incurs under the Standard Offer Service  
5 supply contracts.

6 A. The Standard Offer Service supply contracts contain two price components – a pre-set  
7 base price that increases on January 1 of each year and, for some of the Company's  
8 supply contracts, a fuel index payment designed to provide additional payments to  
9 Standard Offer Service suppliers in the event of substantial increases in the market price  
10 of No. 6 residual fuel oil (1% sulphur) and/or natural gas. The fuel index payments are  
11 described more fully in the testimony of Mr. Hager.

12  
13 Q. Has the Company incurred fuel index payments pursuant to the provisions of the wholes  
14 supply contracts for the period October 2004 through September 2005?

15 A. Yes. As shown in Column (d) of Exhibit JAL-3, page 1, the Company incurred  
16 approximately \$96.1 million in fuel index payments for the period October 2004 through  
17 September 2005.

18  
19 Q. What is the balance in the Standard Offer Service reconciliation for the period October  
20 2004 through September 2005?

21 A. Page 1 of Exhibit JAL-3 shows that the balance in the Standard Offer Service  
22 reconciliation as of September 2005 is an under recovery of approximately \$14.1 million.

23  
24 Q. Please describe the adjustments shown in Column (g) of the Standard Offer Service

1 reconciliation.

2 A. The adjustments shown in Column (g) of Page 1 of the reconciliation reflect: (1)  
3 NEPOOL Generation Information System (“NE-GIS”) expenses of approximately  
4 \$16,000 incurred through September 2005, and (2) protest payments of approximately  
5 \$4.6 million made to one of the Company’s Standard Offer Service suppliers.

6

7 Q. Does the Company’s reconciliation include congestions costs similar to what had been  
8 included in the Company’s July 29, 2005 Standard Offer Service rate filing in Docket  
9 3689?

10 A. No, it does not. In the Company’s July 29, 2005 Standard Offer filing, the Company had  
11 included approximately \$689,000 of congestion costs billed to the Company by one of its  
12 Standard Offer Service suppliers. The recovery of these costs has been resolved as part  
13 of a settlement agreement filed with the Commission today under separate cover and the  
14 \$689,000 has been removed from the Standard Offer Service reconciliation.

15

16 Q. Why has the Company included NE-GIS expenses in the Standard Offer Service  
17 reconciliation?

18 A. Pursuant to the Commission’s Rules Governing Energy Source Disclosure, effective  
19 April 1, 2005, the Company now provides customers, on a quarterly basis, disclosure  
20 labels which detail information related to the generation source of Standard Offer Service  
21 and Last Resort Service supplies. Section V.C of the Rules allows for the recovery of all  
22 incremental costs associated with the preparation and distribution of the disclosure labels.  
23 The costs included in the \$16,000 consist of costs incurred through September 2005 as  
24 billed to the Company by the New England Independent System Operator (“ISO-NE”)

1 and the cost of printing the quarterly energy source disclosure labels provided to Standard  
2 Offer Service and Last Resort Service customers.

3  
4 **V. Revised Standard Offer Service Tariff**

5 Q. Has the Company prepared a revised Standard Offer Service tariff reflecting the proposed  
6 rate?

7 A. Yes. The revised Standard Offer Service tariff as well as a marked to show changes  
8 version is in Exhibit JAL-4.

9  
10 **VI. Typical Bills**

11 Q. Has the Company provided a typical bill analysis to illustrate the impact of the proposed  
12 rate change?

13 A. Yes it has. The typical bill analysis for each rate class is included in Exhibit JAL-5.

14  
15 Q. What is the impact on a typical residential customer of the Company's proposed rate  
16 change?

17 A. Exhibit JAL-5, page 1, shows the proposed rates would increase the monthly bill for a  
18 500 kWh residential customer by \$10.42, or 14.8%, from \$70.58 to \$81.00.

19  
20 **VII. Conclusion**

21 Q. Does this conclude your testimony?

22 A. Yes it does.

Exhibits of  
Jeanne A. Lloyd

Exhibits

Exhibit JAL-1	Projected Standard Offer Service Reconciliation Balance at December 2006
Exhibit JAL-2	Calculation of Proposed Standard Offer Service Rate
Exhibit JAL-3	Standard Offer Service Reconciliation, October 2004 through September 2005
Exhibit JAL-4	Proposed Standard Offer Service Tariff
Exhibit JAL-5	Typical Bills



Exhibit JAL-1

Projected Standard Offer Service Reconciliation  
Balance at December 2006

Standard Offer Reconciliation  
Projected Balance at Year Ending December 31, 2006

**Section 1. Projected Balance @ September 30, 2006**

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-05	(\$14,122,974)	\$15,644,505	\$30,268,796	\$12,739,870	\$43,008,667	(\$27,364,162)	(\$709,578)	(\$42,196,714)	(\$17,630,492)
(2) Nov-05	(\$42,196,714)	\$44,665,858	\$30,193,030	\$14,505,510	\$44,698,540	(\$32,682)	(\$869,612)	(\$43,099,008)	(\$16,164,284)
(2) Dec-05	(\$43,099,008)	\$48,972,224	\$33,104,029	\$18,173,473	\$51,277,502	(\$2,305,278)	(\$1,130,610)	(\$46,534,896)	(\$18,305,508)
(2) Jan-06	(\$46,534,896)	\$51,326,160	\$37,198,947	\$19,316,162	\$56,515,110	(\$5,188,950)	(\$1,272,449)	(\$52,996,294)	(\$26,766,654)
(2) Feb-06	(\$52,996,294)	\$47,690,255	\$34,563,803	\$20,181,120	\$54,744,923	(\$7,054,668)	(\$1,358,958)	(\$61,409,921)	(\$34,927,826)
(2) Mar-06	(\$61,409,921)	\$48,149,264	\$34,896,473	\$22,407,023	\$57,303,496	(\$9,154,232)	(\$1,515,512)	(\$72,079,665)	(\$48,215,173)
(2) Apr-06	(\$72,079,665)	\$43,389,984	\$31,447,156	\$21,197,595	\$52,644,750	(\$9,254,766)	(\$1,425,525)	(\$82,759,956)	(\$59,969,637)
(2) May-06	(\$82,759,956)	\$41,436,944	\$30,031,678	\$21,188,428	\$51,220,105	(\$9,783,161)	(\$1,315,223)	(\$93,858,340)	(\$68,769,783)
(2) Jun-06	(\$93,858,340)	\$45,615,559	\$33,060,154	\$24,426,575	\$57,486,730	(\$11,871,171)	(\$1,388,085)	(\$107,117,596)	(\$79,083,398)
(2) Jul-06	(\$107,117,596)	\$50,971,268	\$36,941,737	\$28,282,838	\$65,224,575	(\$14,253,307)	(\$1,467,891)	(\$122,838,794)	(\$93,567,232)
(2) Aug-06	(\$122,838,794)	\$53,221,021	\$38,572,260	\$30,374,924	\$68,947,184	(\$15,726,163)	(\$1,446,665)	(\$140,011,621)	(\$111,425,898)
(2) Sep-06	(\$140,011,621)	\$51,974,042	\$37,668,504	\$29,663,234	\$67,331,738	(\$15,357,696)	(\$1,332,353)	(\$156,701,670)	(\$131,721,154)
* (2) Oct-06	(\$156,701,670)	\$24,980,516				\$24,980,516		(\$131,721,154)	
Totals	(\$14,122,974)	\$568,037,602	\$407,946,568	\$262,456,753	\$670,403,321	(\$102,365,719)	(\$15,232,460)	(\$131,721,154)	
Interest (3)								(\$3,113,772)	
Ending Balance@ September 30, 2006 with Interest								(\$134,834,926)	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation :  $(-14122974 + -131721154) / 2 * (4.27\%)$

\* For September usage billed in October

**Section 2. Projected Balance @ December 31, 2006**

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-06	(\$134,834,926)	\$20,438,604	\$32,917,785	\$25,373,780	\$58,291,564	(\$37,852,960)	(\$1,108,957)	(\$173,796,843)	(\$149,144,974)
(2) Nov-06	(\$173,796,843)	\$44,821,580	\$32,484,713	\$24,487,888	\$56,972,601	(\$12,151,021)	(\$1,083,206)	(\$187,031,070)	(\$160,048,504)
(2) Dec-06	(\$187,031,070)	\$49,059,212	\$35,555,963	\$26,258,644	\$61,814,607	(\$12,755,395)	(\$1,197,476)	(\$200,983,942)	(\$171,995,048)
* (2) Jan-07	(\$200,983,942)	\$28,988,894				\$28,988,894		(\$171,995,048)	
Totals	(\$134,834,926)	\$143,308,290	\$100,958,461	\$76,120,311	\$177,078,772	(\$33,770,482)	(\$3,389,640)	(\$171,995,048)	
Interest (3)								(\$1,637,705)	
Ending Balance@ December 31, 2006 with Interest								(\$173,632,753)	

\* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation :  $(-134834926 + -171995048) / 2 * (4.27\%)$

Column Notes:

Column (a) Column (g) from previous row; beginning balance from Page 1.  
 Column (b) from Page 2  
 Column (c) from Page 3  
 Column (d) from Page 3  
 Column (e) Column (c) + Column (d)  
 Column (f) Column (b) - Column (e)  
 Column (g) Includes estimated protest payments made to one of the Company's suppliers and estimated NE\_GIS expenses

Column (h) Column (a) + Column (f)  
 Column (i) Column (g) + 55% of next month's Column (b)

Standard Offer Reconciliation  
Estimated Revenue through December 2006

<u>Month</u>	Estimated Total Company kWh <u>Deliveries</u> (a)	Estimated Standard Offer <u>Deliveries</u> (b)	Standard Offer <u>Rate</u> (c)	Total Estimated <u>Revenues</u> (d)
Sep-05	-	-	\$0.06700	\$0
Oct-05	631,297,642	546,072,460	\$0.08200	\$40,272,844
Nov-05	629,717,437	544,705,583	\$0.08200	\$44,665,858
Dec-05	690,430,346	597,222,249	\$0.08200	\$48,972,224
Jan-06	723,617,087	625,928,780	\$0.08200	\$51,326,160
Feb-06	672,356,620	581,588,476	\$0.08200	\$47,690,255
Mar-06	678,827,917	587,186,148	\$0.08200	\$48,149,264
Apr-06	611,729,652	529,146,149	\$0.08200	\$43,389,984
May-06	584,194,896	505,328,585	\$0.08200	\$41,436,944
Jun-06	643,106,707	556,287,302	\$0.08200	\$45,615,559
Jul-06	718,613,679	621,600,832	\$0.08200	\$50,971,268
Aug-06	750,331,612	649,036,844	\$0.08200	\$53,221,021
Sep-06	732,751,192	633,829,781	\$0.08200	\$51,974,042
Oct-06	640,337,244	553,891,716	\$0.08200	\$45,419,121
Nov-06	631,912,873	546,604,635	\$0.08200	\$44,821,580
Dec-06	691,656,730	598,283,071	\$0.08200	\$49,059,212
Jan-07	743,085,848	642,769,259	\$0.08200	\$52,707,079

Column Notes:

- (a) Per Company forecast  
(b) Column (a) x Line (1)  
(c) Per currently effective tariff  
(d) Column (b) x Column (c)

Standard Offer Reconciliation  
 Estimated Standard Offer Expenses through December 2006

2005:

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	Estimated Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per kWh (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
Oct-05	631,297,642	86.5%	546,072,460	\$0.05543	\$30,268,796	\$0.02333	\$12,739,870	\$43,008,667
Nov-05	629,717,437	86.5%	544,705,583	\$0.05543	\$30,193,030	\$0.02663	\$14,505,510	\$44,698,540
Dec-05	690,430,346	86.5%	597,222,249	\$0.05543	\$33,104,029	\$0.03043	\$18,173,473	\$51,277,502
Total Expected Payments through December 2005 .....							\$45,418,853	\$138,984,709

2006:

Jan-06	723,617,087	86.5%	625,928,780	\$0.05943	\$37,198,947	\$0.03086	\$19,316,162	\$56,515,110
Feb-06	672,356,620	86.5%	581,588,476	\$0.05943	\$34,563,803	\$0.03470	\$20,181,120	\$54,744,923
Mar-06	678,827,917	86.5%	587,186,148	\$0.05943	\$34,896,473	\$0.03816	\$22,407,023	\$57,303,496
Apr-06	611,729,652	86.5%	529,146,149	\$0.05943	\$31,447,156	\$0.04006	\$21,197,595	\$52,644,750
May-06	584,194,896	86.5%	505,328,585	\$0.05943	\$30,031,678	\$0.04193	\$21,188,428	\$51,220,105
Jun-06	643,106,707	86.5%	556,287,302	\$0.05943	\$33,060,154	\$0.04391	\$24,426,575	\$57,486,730
Jul-06	718,613,679	86.5%	621,600,832	\$0.05943	\$36,941,737	\$0.04550	\$28,282,838	\$65,224,575
Aug-06	750,331,612	86.5%	649,036,844	\$0.05943	\$38,572,260	\$0.04680	\$30,374,924	\$68,947,184
Sep-06	732,751,192	86.5%	633,829,781	\$0.05943	\$37,668,504	\$0.04680	\$29,663,234	\$67,331,738
Oct-06	640,337,244	86.5%	553,891,716	\$0.05943	\$32,917,785	\$0.04581	\$25,373,780	\$58,291,564
Nov-06	631,912,873	86.5%	546,604,635	\$0.05943	\$32,484,713	\$0.04480	\$24,487,888	\$56,972,601
Dec-06	691,656,730	86.5%	598,283,071	\$0.05943	\$35,555,963	\$0.04389	\$26,258,644	\$61,814,607
Total Expected Payments through December 2006 .....							\$293,158,211	\$708,497,384

Column Notes:

- (a) Per Company forecast
- (b) Reflects 12-month average Standard Offer kWh deliveries as a percentage of total kWh deliveries
- (c) Column (a) x Column (b)
- (d) Per standard offer contract (includes estimate for base SO adjustment for contract amendment as approved in RIPUC Docket No. 3496)
- (e) Column (c) x Column (d)
- (f) Company estimate based on fuel futures prices as reported on 10-25-05, 10-26-05 & 10-27-05
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)



Exhibit JAL-2

Calculation of Proposed Standard Offer Service Rate





Exhibit JAL-3

Standard Offer Service Reconciliation  
October 2004 through September 2005

Standard Offer Reconciliation  
October 2004 through September 2005

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(1) Oct-04	(\$376,761)	\$14,128,523	\$26,492,483	\$7,308,707	\$33,801,190	(\$19,672,668)	\$0	(\$20,049,429)	(\$1,185,054)
(1) Nov-04	(\$20,049,429)	\$34,298,864	\$26,752,338	\$8,305,944	\$35,058,282	(\$759,418)	\$0	(\$20,808,847)	\$705,108
(1) Dec-04	(\$20,808,847)	\$39,116,281	\$29,627,256	\$10,089,033	\$39,716,289	(\$600,008)	\$0	(\$21,408,855)	\$267,153
(1) Jan-05	(\$21,408,855)	\$39,410,924	\$33,479,981	\$5,557,938	\$39,037,919	\$373,005	(\$319,578)	(\$21,355,428)	(\$731,464)
(1) Feb-05	(\$21,355,428)	\$37,498,116	\$28,915,662	\$5,071,210	\$33,986,872	\$3,511,244	(\$282,636)	(\$18,126,820)	\$2,746,913
(1) Mar-05	(\$18,126,820)	\$37,952,243	\$30,945,738	\$6,015,288	\$36,961,025	\$991,217	(\$320,345)	(\$17,455,948)	\$1,403,497
(1) Apr-05	(\$17,455,948)	\$34,289,901	\$27,210,405	\$5,868,843	\$33,079,248	\$1,210,653	(\$317,451)	(\$16,562,745)	\$972,457
(1) May-05	(\$16,562,745)	\$31,882,186	\$27,298,301	\$6,413,255	\$33,711,556	(\$1,829,370)	(\$372,113)	(\$18,764,229)	\$608,113
(1) Jun-05	(\$18,764,229)	\$35,222,439	\$33,468,881	\$8,152,810	\$41,621,692	(\$6,399,253)	(\$456,890)	(\$25,620,371)	(\$2,443,652)
(1) Jul-05	(\$25,620,371)	\$42,139,489	\$38,062,067	\$10,097,754	\$48,159,820	(\$6,020,331)	(\$546,130)	(\$32,186,832)	(\$6,802,743)
(1) Aug-05	(\$32,186,832)	\$46,152,890	\$40,126,270	\$11,816,377	\$51,942,647	(\$5,789,757)	(\$732,856)	(\$38,709,445)	(\$13,765,228)
(1) Sep-05	(\$38,709,445)	\$45,353,123	\$32,807,863	\$11,375,534	\$44,183,397	\$1,169,726	(\$611,391)	(\$38,151,110)	(\$13,827,409)
* (1) Oct-05	(\$38,151,110)	\$24,323,701				\$24,323,701		(\$13,827,409)	
Totals	(\$376,761)	\$461,768,678	\$375,187,245	\$96,072,692	\$471,259,936	(\$9,491,258)	(\$3,959,390)	(\$13,827,409)	
Interest (3)								(\$295,565)	
Ending Balance@ September 30, 2005 with Interest								(\$14,122,974)	

(1) Actual revenues and expenses

(2) Estimated revenues and expenses

(3) Interest expense calculation :  $(-376,761 + -13827409)/2 * (4.01\% * 5/12 + 4.27\% * 7/12)$ 

\* Estimated September 2005 revenue billed in October 2005

Column Notes:

Column (a)	Column (h) from previous row; beginning balance from Exhibit JAL-7, RIPUC Docket No. 3648.
Column (b)	from Page 2
Column (c)	from Standard Offer bills
Column (d)	from Standard Offer bills
Column (e)	Column (c) + Column (d)
Column (f)	Column (b) - Column (e)
Column (g)	Includes actual protest payments made to one of the Company's suppliers and NE_GIS expenses Aug 2005: Includes adjustment of \$90,710 due to billing error resulting in a reduction to Standard Offer revenue
Column (h)	Column (a) + Column (f) + Column (g)
Column (i)	Column (h) + 55% of next month's Column (b)

## Summary of Standard Offer Revenue

	<u>Actual</u>		
	<u>Gross Revenue</u>	<u>HVM Discount</u>	<u>Net Revenue</u>
	(a)	(b)	(c)
Oct-04	\$36,559,139	(\$40,929)	\$36,518,210
Nov-04	\$34,337,895	(\$39,031)	\$34,298,864
Dec-04	\$39,157,317	(\$41,036)	\$39,116,281
Jan-05	\$39,466,169	(\$55,245)	\$39,410,924
Feb-05	\$37,540,822	(\$42,706)	\$37,498,116
Mar-05	\$37,995,866	(\$43,623)	\$37,952,243
Apr-05	\$34,330,183	(\$40,282)	\$34,289,901
May-05	\$31,921,879	(\$39,693)	\$31,882,186
Jun-05	\$35,266,934	(\$44,494)	\$35,222,439
Jul-05	\$42,188,254	(\$48,765)	\$42,139,489
Aug-05	\$46,200,511	(\$47,621)	\$46,152,890
Sep-05	\$45,402,254	(\$49,132)	\$45,353,123
Oct-05	\$40,018,176	(\$49,970)	\$39,968,207

## Notes:

- (a) from Company SMB702 monthly revenue reports
- (b) Page 3
- (c) Column (a) + Column (b)

Standard Offer Revenue - HVM Discount

	Standard Offer Revenues - Primary Metered <u>Customers</u> (a)	HVM <u>Discount</u> (b)
Oct-04	\$4,092,935	\$40,929
Nov-04	\$3,903,105	\$39,031
Dec-04	\$4,103,623	\$41,036
Jan-05	\$5,524,518	\$55,245
Feb-05	\$4,270,630	\$42,706
Mar-05	\$4,362,330	\$43,623
Apr-05	\$4,028,222	\$40,282
May-05	\$3,969,333	\$39,693
Jun-05	\$4,449,445	\$44,494
Jul-05	\$4,876,498	\$48,765
Aug-05	\$4,762,136	\$47,621
Sep-05	\$4,913,181	\$49,132
Oct-05	\$4,996,960	\$49,970

Notes:

- (a) CIS System Data
- (b) Column (a) x 1%



Exhibit JAL-4

Proposed Standard Offer Service Tariff

**THE NARRAGANSETT ELECTRIC COMPANY  
STANDARD OFFER SERVICE**

**AVAILABILITY**

All Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer will receive their power supply under this Standard Offer Rate until the Customer either: (1) takes its electric supply from a non-regulated power producer; or (2) takes Last Resort Service.

Customers who leave Standard Offer Service may not return to Standard Offer Service.

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company's Terms and Conditions for Nonregulated Power Producers.

**MONTHLY CHARGE**

The Monthly Charge for Service under this tariff will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff.

**RATE FOR ALL CLASSES**

Standard Offer per kWh	10.2¢
------------------------	-------

**RATE CHANGES**

The rates set forth in this tariff are effective for usage on and after December 1, 2005 until changes. Any changes will be filed with the Commission and are subject to Commission review and approval.

Effective: December 1, 2005

THE NARRAGANSETT ELECTRIC COMPANY  
STANDARD OFFER SERVICE

**AVAILABILITY**

All Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer will receive their power supply under this Standard Offer Rate until the Customer either: (1) takes its electric supply from a non-regulated power producer; or (2) takes Last Resort Service.

Customers who leave Standard Offer Service may not return to Standard Offer Service.

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company's Terms and Conditions for Nonregulated Power Producers.

**MONTHLY CHARGE**

The Monthly Charge for Service under this tariff will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff.

**RATE FOR ALL CLASSES**

Standard Offer per kWh

10.2¢

Deleted: 8.20

**RATE CHANGES**

The rates set forth in this tariff are effective for usage on and after December 1, 2005 until changes. Any changes will be filed with the Commission and are subject to Commission review and approval.

Deleted: October

Effective: December 1, 2005

Deleted: October



Exhibit JAL-5

Typical Bills

File: S:\RADATA1\2005 neco\Standard Offer\October 31 Filing\TYPBILLS.SO.XLS\Input Section

Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on A-16 Rate Customers

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
120	\$19.12	\$10.25	\$8.87	\$21.62	\$12.75	\$8.87	\$2.50	13.1%	29,288
240	\$35.37	\$20.50	\$14.87	\$40.37	\$25.50	\$14.87	\$5.00	14.1%	51,254
500	\$70.58	\$42.71	\$27.87	\$81.00	\$53.13	\$27.87	\$10.42	14.8%	124,474
700	\$97.66	\$59.79	\$37.87	\$112.25	\$74.38	\$37.87	\$14.59	14.9%	65,898
950	\$131.52	\$81.15	\$50.37	\$151.31	\$100.94	\$50.37	\$19.79	15.0%	47,593
1,000	\$138.30	\$85.42	\$52.88	\$159.13	\$106.25	\$52.88	\$20.83	15.1%	7,322

Present Rates: A-16

Customer Charge		\$2.75
Transmission Energy Charge (1)	kWh x	\$0.00675
Distribution Energy Charge	kWh x	\$0.03380
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: A-16

Customer Charge		\$2.75
Transmission Energy Charge (2)	kWh x	\$0.00675
Distribution Energy Charge	kWh x	\$0.03380
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

File: S:\RADATA1\2005 neco\Standard Offer\October 31 Filing\TYPBILLS.SO.XLS\Input Section

Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on A-16 (former A-32) Rate Customers

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
500	\$68.02	\$42.71	\$25.31	\$78.44	\$53.13	\$25.31	\$10.42	15.3%	139
1,000	\$133.18	\$85.42	\$47.76	\$154.01	\$106.25	\$47.76	\$20.83	15.6%	334
2,500	\$328.64	\$213.54	\$115.10	\$380.73	\$265.63	\$115.10	\$52.09	15.9%	1,033
5,000	\$654.42	\$427.08	\$227.34	\$758.59	\$531.25	\$227.34	\$104.17	15.9%	927
7,500	\$980.21	\$640.63	\$339.58	\$1,136.46	\$796.88	\$339.58	\$156.25	15.9%	206

Present Rates: A-16 (former A-32)

Customer Charge		\$2.75
Transmission Energy Charge (1)	kWh x	\$0.00675
Distribution Energy Charge	kWh x	\$0.03380
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00820
Gross Earnings Tax		4.00%
Standard Offer Charge		\$0.08200

Proposed Rates: A-16 (former A-32)

Customer Charge		\$2.75
Transmission Energy Charge (2)	kWh x	\$0.00675
Distribution Energy Charge	kWh x	\$0.03380
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00820
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

File: S:\RADATA1\2005 neco\Standard Offer\October 31 Filing\TYPBILLS.SO.XLS\Input Section

Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on A-60 Rate Customers - Winter (December through March)  
Without Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
100	\$11.68	\$8.54	\$3.14	\$13.77	\$10.63	\$3.14	\$2.09	17.9%
200	\$23.35	\$17.08	\$6.27	\$27.52	\$21.25	\$6.27	\$4.17	17.9%
300	\$35.04	\$25.63	\$9.41	\$41.29	\$31.88	\$9.41	\$6.25	17.8%
500	\$59.10	\$42.71	\$16.39	\$69.52	\$53.13	\$16.39	\$10.42	17.6%
750	\$91.86	\$64.06	\$27.80	\$107.49	\$79.69	\$27.80	\$15.63	17.0%
1250	\$157.10	\$106.77	\$50.33	\$183.14	\$132.81	\$50.33	\$26.04	16.6%

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

File: S:\RADATA1\2005 neco\Standard Offer\October 31 Filing\TYPBILLS.SO.XLS\Input Section

Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on A-60 Rate Customers - Winter (December through March)  
With Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Rates			Difference	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
100	\$11.13	\$8.54	\$2.59	\$13.22	\$10.63	\$2.59	\$2.09	18.8%
200	\$22.25	\$17.08	\$5.17	\$26.42	\$21.25	\$5.17	\$4.17	18.7%
300	\$33.39	\$25.63	\$7.76	\$39.64	\$31.88	\$7.76	\$6.25	18.7%
500	\$56.35	\$42.71	\$13.64	\$66.77	\$53.13	\$13.64	\$10.42	18.5%
750	\$87.73	\$64.06	\$23.67	\$103.36	\$79.69	\$23.67	\$15.63	17.8%
1250	\$152.98	\$106.77	\$46.21	\$179.02	\$132.81	\$46.21	\$26.04	17.0%

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Water Heating Credit	kWh x	-\$0.00528
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Water Heating Credit	kWh x	-\$0.00528
Gross Earnings Tax		4.00%
Standard Offer Charge		\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

File: S:\RADATA1\2005 neco\Standard Offer\October 31 Filing\TYPBILLS.SO.XLS\Input Section

Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on A-60 Rate Customers - Non-Winter (April through November)  
Without Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Rates			Difference	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
100	\$11.68	\$8.54	\$3.14	\$13.77	\$10.63	\$3.14	\$2.09	17.9%
200	\$23.35	\$17.08	\$6.27	\$27.52	\$21.25	\$6.27	\$4.17	17.9%
300	\$35.04	\$25.63	\$9.41	\$41.29	\$31.88	\$9.41	\$6.25	17.8%
500	\$59.10	\$42.71	\$16.39	\$69.52	\$53.13	\$16.39	\$10.42	17.6%
750	\$91.86	\$64.06	\$27.80	\$107.49	\$79.69	\$27.80	\$15.63	17.0%
1250	\$157.37	\$106.77	\$50.60	\$183.41	\$132.81	\$50.60	\$26.04	16.5%

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.0%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.0%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.  
Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

File: S:\RADATA1\2005 neco\Standard Offer\October 31 Filing\TYPBILLS.SO.XLS\Input Section

Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on A-60 Rate Customers - Non-Winter (April through November)  
With Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Rates			Difference	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
100	\$11.13	\$8.54	\$2.59	\$13.22	\$10.63	\$2.59	\$2.09	18.8%
200	\$22.25	\$17.08	\$5.17	\$26.42	\$21.25	\$5.17	\$4.17	18.7%
300	\$33.39	\$25.63	\$7.76	\$39.64	\$31.88	\$7.76	\$6.25	18.7%
500	\$56.35	\$42.71	\$13.64	\$66.77	\$53.13	\$13.64	\$10.42	18.5%
750	\$87.73	\$64.06	\$23.67	\$103.36	\$79.69	\$23.67	\$15.63	17.8%
1250	\$153.24	\$106.77	\$46.47	\$179.28	\$132.81	\$46.47	\$26.04	17.0%

Present Rates: A-60

Customer Charge		\$0.01
Transmission Energy Charge (1)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Water Heating Credit	kWh x	-\$0.00528
Gross Earnings Tax		4.0%
Standard Offer Charge		\$0.08200

Proposed Rates: A-60

Customer Charge		\$0.01
Transmission Energy Charge (2)	kWh x	\$0.00577
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Water Heating Credit	kWh x	-\$0.00528
Gross Earnings Tax		4.0%
Standard Offer Charge		\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on C-06 Rate Customers

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
250	\$41.00	\$21.35	\$19.65	\$46.21	\$26.56	\$19.65	\$5.21	12.7%	17,634
500	\$75.77	\$42.71	\$33.06	\$86.19	\$53.13	\$33.06	\$10.42	13.8%	8,533
1,000	\$145.28	\$85.42	\$59.86	\$166.11	\$106.25	\$59.86	\$20.83	14.3%	9,471
1,500	\$214.80	\$128.13	\$86.67	\$246.05	\$159.38	\$86.67	\$31.25	14.5%	4,891
2,000	\$284.31	\$170.83	\$113.48	\$325.98	\$212.50	\$113.48	\$41.67	14.7%	9,573

Present Rates: C-06

Customer Charge		\$6.00
Transmission Energy Charge (1)	kWh x	\$0.00775
Distribution Energy Charge	kWh x	\$0.03662
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: C-06

Customer Charge		\$6.00
Transmission Energy Charge (2)	kWh x	\$0.00775
Distribution Energy Charge	kWh x	\$0.03662
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on R-02 (Phase-out to C-06) Rate Customers

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
250	\$28.56	\$21.35	\$7.21	\$33.77	\$26.56	\$7.21	\$5.21	18.2%	96
500	\$56.76	\$42.71	\$14.05	\$67.18	\$53.13	\$14.05	\$10.42	18.4%	142
1,000	\$113.15	\$85.42	\$27.73	\$133.98	\$106.25	\$27.73	\$20.83	18.4%	302
1,500	\$169.54	\$128.13	\$41.41	\$200.79	\$159.38	\$41.41	\$31.25	18.4%	63
2,000	\$225.91	\$170.83	\$55.08	\$267.58	\$212.50	\$55.08	\$41.67	18.4%	11

Present Rates: R-02 (Phase-out to C-06)

Unmetered Charge		\$0.36
Transmission Energy Charge (1)	kWh x	\$0.00498
Distribution Energy Charge	kWh x	\$0.01418
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: R-02 (Phase-out to C-06)

Unmetered Charge		\$0.36
Transmission Energy Charge (2)	kWh x	\$0.00498
Distribution Energy Charge	kWh x	\$0.01418
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on E-30 (Phase-out to A-16) Rate Customers

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
1,000	\$121.48	\$85.42	\$36.06	\$142.31	\$106.25	\$36.06	\$20.83	17.1%	2
2,500	\$299.40	\$213.54	\$85.86	\$351.49	\$265.63	\$85.86	\$52.09	17.4%	2
5,000	\$595.93	\$427.08	\$168.85	\$700.10	\$531.25	\$168.85	\$104.17	17.5%	5
10,000	\$1,189.01	\$854.17	\$334.84	\$1,397.34	\$1,062.50	\$334.84	\$208.33	17.5%	0
25,000	\$2,968.23	\$2,135.42	\$832.81	\$3,489.06	\$2,656.25	\$832.81	\$520.83	17.5%	1
50,000	\$5,933.59	\$4,270.83	\$1,662.76	\$6,975.26	\$5,312.50	\$1,662.76	\$1,041.67	17.6%	3

<u>Present Rates:</u>			<u>Proposed Rates:</u>		
E-30 (Phase-out to A-16)			E-30 (Phase-out to A-16)		
Customer Charge		\$2.75	Customer Charge		\$2.75
Transmission Energy Charge (1)	kWh x	\$0.00500	Transmission Energy Charge (2)	kWh x	\$0.00500
Distribution Energy Charge	kWh x	\$0.01941	Distribution Energy Charge	kWh x	\$0.01941
Transition Energy Charge	kWh x	\$0.00845	Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230	C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000	S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329	Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%	Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200	Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.  
Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-02 Rate Customers

Hours Use: 200

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	4,000	\$573.20	\$341.67	\$231.53	\$656.53	\$425.00	\$231.53	\$83.33	14.5%
50	10,000	\$1,343.76	\$854.17	\$489.59	\$1,552.09	\$1,062.50	\$489.59	\$208.33	15.5%
100	20,000	\$2,628.03	\$1,708.33	\$919.70	\$3,044.70	\$2,125.00	\$919.70	\$416.67	15.9%
150	30,000	\$3,912.30	\$2,562.50	\$1,349.80	\$4,537.30	\$3,187.50	\$1,349.80	\$625.00	16.0%

Present Rates: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-02 Rate Customers

Hours Use: 300

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	6,000	\$781.82	\$512.50	\$269.32	\$906.82	\$637.50	\$269.32	\$125.00	16.0%
50	15,000	\$1,865.32	\$1,281.25	\$584.07	\$2,177.82	\$1,593.75	\$584.07	\$312.50	16.8%
100	30,000	\$3,671.16	\$2,562.50	\$1,108.66	\$4,296.16	\$3,187.50	\$1,108.66	\$625.00	17.0%
150	45,000	\$5,476.99	\$3,843.75	\$1,633.24	\$6,414.49	\$4,781.25	\$1,633.24	\$937.50	17.1%

<u>Present Rates:</u>			G-02	<u>Proposed Rates:</u>			G-02
Customer Charge			\$103.41	Customer Charge			\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40		Transmission Demand Charge-xcs 10 kW	kW x	\$1.40	
Transmission Adjustment Factor	kWh x	\$0.00239		Transmission Adjustment Factor	kWh x	\$0.00239	
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23		Distribution Demand Charge-xcs 10 kW	kW x	\$3.23	
Distribution Energy Charge	kWh x	\$0.00777		Distribution Energy Charge	kWh x	\$0.00777	
Transition Energy Charge	kWh x	\$0.00845		Transition Energy Charge	kWh x	\$0.00845	
C&LM Adjustment	kWh x	\$0.00230		C&LM Adjustment	kWh x	\$0.00230	
S.O. Adj.	kWh x	\$0.00000		S.O. Adj.	kWh x	\$0.00000	
Customer Credit	kWh x	-\$0.00277		Customer Credit	kWh x	-\$0.00277	
Gross Earnings Tax		4.00%		Gross Earnings Tax		4.00%	
Standard Offer Charge	kWh x	\$0.08200		Standard Offer Charge	kWh x	\$0.10200	

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-02 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	8,000	\$990.44	\$683.33	\$307.11	\$1,157.11	\$850.00	\$307.11	\$166.67	16.8%
50	20,000	\$2,386.88	\$1,708.33	\$678.55	\$2,803.55	\$2,125.00	\$678.55	\$416.67	17.5%
100	40,000	\$4,714.28	\$3,416.67	\$1,297.61	\$5,547.61	\$4,250.00	\$1,297.61	\$833.33	17.7%
150	60,000	\$7,041.68	\$5,125.00	\$1,916.68	\$8,291.68	\$6,375.00	\$1,916.68	\$1,250.00	17.8%

Present Rates: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-02 Rate Customers

Hours Use: 500

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	10,000	\$1,199.08	\$854.17	\$344.91	\$1,407.41	\$1,062.50	\$344.91	\$208.33	17.4%
50	25,000	\$2,908.45	\$2,135.42	\$773.03	\$3,429.28	\$2,656.25	\$773.03	\$520.83	17.9%
100	50,000	\$5,757.40	\$4,270.83	\$1,486.57	\$6,799.07	\$5,312.50	\$1,486.57	\$1,041.67	18.1%
150	75,000	\$8,606.36	\$6,406.25	\$2,200.11	\$10,168.86	\$7,968.75	\$2,200.11	\$1,562.50	18.2%

Present Rates: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-02 Rate Customers

Hours Use: 600

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	12,000	\$1,407.70	\$1,025.00	\$382.70	\$1,657.70	\$1,275.00	\$382.70	\$250.00	17.8%
50	30,000	\$3,430.01	\$2,562.50	\$867.51	\$4,055.01	\$3,187.50	\$867.51	\$625.00	18.2%
100	60,000	\$6,800.53	\$5,125.00	\$1,675.53	\$8,050.53	\$6,375.00	\$1,675.53	\$1,250.00	18.4%
150	90,000	\$10,171.05	\$7,687.50	\$2,483.55	\$12,046.05	\$9,562.50	\$2,483.55	\$1,875.00	18.4%

Present Rates:			G-02			Proposed Rates:			G-02		
Customer Charge		\$103.41			Customer Charge		\$103.41				
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40			Transmission Demand Charge-xcs 10 kW	kW x	\$1.40				
Transmission Adjustment Factor	kWh x	\$0.00239			Transmission Adjustment Factor	kWh x	\$0.00239				
Distribution Demand Charge-xcs 10 kW	kW x	\$3.23			Distribution Demand Charge-xcs 10 kW	kW x	\$3.23				
Distribution Energy Charge	kWh x	\$0.00777			Distribution Energy Charge	kWh x	\$0.00777				
Transition Energy Charge	kWh x	\$0.00845			Transition Energy Charge	kWh x	\$0.00845				
C&LM Adjustment	kWh x	\$0.00230			C&LM Adjustment	kWh x	\$0.00230				
S.O. Adj.	kWh x	\$0.00000			S.O. Adj.	kWh x	\$0.00000				
Customer Credit	kWh x	-\$0.00277			Customer Credit	kWh x	-\$0.00277				
Gross Earnings Tax		4.00%			Gross Earnings Tax		4.00%				
Standard Offer Charge	kWh x	\$0.08200			Standard Offer Charge	kWh x	\$0.10200				

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-32 Rate Customers

Hours Use: 200

Monthly Power		Present Rates Standard Offer			Proposed Rates Standard Offer			Increase/(Decrease)	
kW	kWh	Total	"Wires"	Total	"Wires"	Total	"Wires"	Amount	% of Total
200	40,000	\$5,186.70	\$3,416.67	\$1,770.03	\$6,020.03	\$4,250.00	\$1,770.03	\$833.33	16.1%
750	150,000	\$18,772.84	\$12,812.50	\$5,960.34	\$21,897.84	\$15,937.50	\$5,960.34	\$3,125.00	16.6%
1,000	200,000	\$24,948.36	\$17,083.33	\$7,865.03	\$29,115.03	\$21,250.00	\$7,865.03	\$4,166.67	16.7%
1,500	300,000	\$37,299.41	\$25,625.00	\$11,674.41	\$43,549.41	\$31,875.00	\$11,674.41	\$6,250.00	16.8%
2,500	500,000	\$62,001.49	\$42,708.33	\$19,293.16	\$72,418.16	\$53,125.00	\$19,293.16	\$10,416.67	16.8%

Present Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-32 Rate Customers

Hours Use: 300

Monthly Power		Present Rates Standard Offer			Proposed Rates Standard Offer			Increase/(Decrease)	
kW	kWh	Total	"Wires"	Total	"Wires"	Total	"Wires"	Amount	% of Total
200	60,000	\$7,305.86	\$5,125.00	\$2,180.86	\$8,555.86	\$6,375.00	\$2,180.86	\$1,250.00	17.1%
750	225,000	\$26,719.72	\$19,218.75	\$7,500.97	\$31,407.22	\$23,906.25	\$7,500.97	\$4,687.50	17.5%
1,000	300,000	\$35,544.20	\$25,625.00	\$9,919.20	\$41,794.20	\$31,875.00	\$9,919.20	\$6,250.00	17.6%
1,500	450,000	\$53,193.16	\$38,437.50	\$14,755.66	\$62,568.16	\$47,812.50	\$14,755.66	\$9,375.00	17.6%
2,500	750,000	\$88,491.07	\$64,062.50	\$24,428.57	\$104,116.07	\$79,687.50	\$24,428.57	\$15,625.00	17.7%

Present Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-32 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
200	80,000	\$9,425.03	\$6,833.33	\$2,591.70	\$11,091.70	\$8,500.00	\$2,591.70	\$1,666.67	17.7%
750	300,000	\$34,666.59	\$25,625.00	\$9,041.59	\$40,916.59	\$31,875.00	\$9,041.59	\$6,250.00	18.0%
1,000	400,000	\$46,140.03	\$34,166.67	\$11,973.36	\$54,473.36	\$42,500.00	\$11,973.36	\$8,333.33	18.1%
1,500	600,000	\$69,086.91	\$51,250.00	\$17,836.91	\$81,586.91	\$63,750.00	\$17,836.91	\$12,500.00	18.1%
2,500	1,000,000	\$114,980.66	\$85,416.67	\$29,563.99	\$135,813.99	\$106,250.00	\$29,563.99	\$20,833.33	18.1%

Present Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-32 Rate Customers

Hours Use: 500

Monthly Power		Present Rates Standard Offer			Proposed Rates Standard Offer			Increase/(Decrease)	
kW	kWh	Total	"Wires"	Total	"Wires"	Total	"Wires"	Amount	% of Total
200	100,000	\$11,544.20	\$8,541.67	\$3,002.53	\$13,627.53	\$10,625.00	\$3,002.53	\$2,083.33	18.0%
750	375,000	\$42,613.47	\$32,031.25	\$10,582.22	\$50,425.97	\$39,843.75	\$10,582.22	\$7,812.50	18.3%
1,000	500,000	\$56,735.86	\$42,708.33	\$14,027.53	\$67,152.53	\$53,125.00	\$14,027.53	\$10,416.67	18.4%
1,500	750,000	\$84,980.66	\$64,062.50	\$20,918.16	\$100,605.66	\$79,687.50	\$20,918.16	\$15,625.00	18.4%
2,500	1,250,000	\$141,470.24	\$106,770.83	\$34,699.41	\$167,511.91	\$132,812.50	\$34,699.41	\$26,041.67	18.4%

Present Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Date: 28-Oct-05  
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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-32 Rate Customers

Hours Use: 600

Monthly Power		Present Rates Standard Offer			Proposed Rates Standard Offer			Increase/(Decrease)	
kW	kWh	Total	"Wires"	Total	"Wires"	Total	"Wires"	Amount	% of Total
200	120,000	\$13,663.36	\$10,250.00	\$3,413.36	\$16,163.36	\$12,750.00	\$3,413.36	\$2,500.00	18.3%
750	450,000	\$50,560.34	\$38,437.50	\$12,122.84	\$59,935.34	\$47,812.50	\$12,122.84	\$9,375.00	18.5%
1,000	600,000	\$67,331.70	\$51,250.00	\$16,081.70	\$79,831.70	\$63,750.00	\$16,081.70	\$12,500.00	18.6%
1,500	900,000	\$100,874.41	\$76,875.00	\$23,999.41	\$119,624.41	\$95,625.00	\$23,999.41	\$18,750.00	18.6%
2,500	1,500,000	\$167,959.82	\$128,125.00	\$39,834.82	\$199,209.82	\$159,375.00	\$39,834.82	\$31,250.00	18.6%

Present Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00231

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-62 Rate Customers

Hours Use: 200

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	600,000	\$87,625.75	\$51,250.00	\$36,375.75	\$100,125.75	\$63,750.00	\$36,375.75	\$12,500.00	14.3%
5,000	1,000,000	\$134,154.92	\$85,416.67	\$48,738.25	\$154,988.25	\$106,250.00	\$48,738.25	\$20,833.33	15.5%
7,500	1,500,000	\$192,316.38	\$128,125.00	\$64,191.38	\$223,566.38	\$159,375.00	\$64,191.38	\$31,250.00	16.2%
10,000	2,000,000	\$250,477.83	\$170,833.33	\$79,644.50	\$292,144.50	\$212,500.00	\$79,644.50	\$41,666.67	16.6%
20,000	4,000,000	\$483,123.67	\$341,666.67	\$141,457.00	\$566,457.00	\$425,000.00	\$141,457.00	\$83,333.33	17.2%

Present Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-62 Rate Customers

Hours Use: 300

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	900,000	\$116,694.50	\$76,875.00	\$39,819.50	\$135,444.50	\$95,625.00	\$39,819.50	\$18,750.00	16.1%
5,000	1,500,000	\$182,602.83	\$128,125.00	\$54,477.83	\$213,852.83	\$159,375.00	\$54,477.83	\$31,250.00	17.1%
7,500	2,250,000	\$264,988.25	\$192,187.50	\$72,800.75	\$311,863.25	\$239,062.50	\$72,800.75	\$46,875.00	17.7%
10,000	3,000,000	\$347,373.67	\$256,250.00	\$91,123.67	\$409,873.67	\$318,750.00	\$91,123.67	\$62,500.00	18.0%
20,000	6,000,000	\$676,915.33	\$512,500.00	\$164,415.33	\$801,915.33	\$637,500.00	\$164,415.33	\$125,000.00	18.5%

Present Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-62 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,200,000	\$145,763.25	\$102,500.00	\$43,263.25	\$170,763.25	\$127,500.00	\$43,263.25	\$25,000.00	17.2%
5,000	2,000,000	\$231,050.75	\$170,833.33	\$60,217.42	\$272,717.42	\$212,500.00	\$60,217.42	\$41,666.67	18.0%
7,500	3,000,000	\$337,660.13	\$256,250.00	\$81,410.13	\$400,160.13	\$318,750.00	\$81,410.13	\$62,500.00	18.5%
10,000	4,000,000	\$444,269.50	\$341,666.67	\$102,602.83	\$527,602.83	\$425,000.00	\$102,602.83	\$83,333.33	18.8%
20,000	8,000,000	\$870,707.00	\$683,333.33	\$187,373.67	#####	\$850,000.00	\$187,373.67	\$166,666.67	19.1%

Present Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.10200

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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-62 Rate Customers

Hours Use: 500

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,500,000	\$174,832.00	\$128,125.00	\$46,707.00	\$206,082.00	\$159,375.00	\$46,707.00	\$31,250.00	17.9%
5,000	2,500,000	\$279,498.67	\$213,541.67	\$65,957.00	\$331,582.00	\$265,625.00	\$65,957.00	\$52,083.33	18.6%
7,500	3,750,000	\$410,332.00	\$320,312.50	\$90,019.50	\$488,457.00	\$398,437.50	\$90,019.50	\$78,125.00	19.0%
10,000	5,000,000	\$541,165.33	\$427,083.33	\$114,082.00	\$645,332.00	\$531,250.00	\$114,082.00	\$104,166.67	19.2%
20,000	10,000,000	#####	\$854,166.67	\$210,332.00	#####	#####	\$210,332.00	\$208,333.33	19.6%

Present Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on G-62 Rate Customers

Hours Use: 600

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,800,000	\$203,900.75	\$153,750.00	\$50,150.75	\$241,400.75	\$191,250.00	\$50,150.75	\$37,500.00	18.4%
5,000	3,000,000	\$327,946.58	\$256,250.00	\$71,696.58	\$390,446.58	\$318,750.00	\$71,696.58	\$62,500.00	19.1%
7,500	4,500,000	\$483,003.88	\$384,375.00	\$98,628.88	\$576,753.88	\$478,125.00	\$98,628.88	\$93,750.00	19.4%
10,000	6,000,000	\$638,061.17	\$512,500.00	\$125,561.17	\$763,061.17	\$637,500.00	\$125,561.17	\$125,000.00	19.6%
20,000	12,000,000	\$1,258,290.33	#####	\$233,290.33	\$1,508,290.33	\$1,275,000.00	\$233,290.33	\$250,000.00	19.9%

Present Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.08200

Proposed Rates: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00239
Distribution Demand Charge	kW x	\$2.34
Distribution Energy Charge	kWh x	\$0.00000
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00212

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10200

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Date: 28-Oct-05  
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Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on T-06 (Phase-out to A-16) Rate Customers

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
500	\$65.47	\$42.71	\$22.76	\$75.89	\$53.13	\$22.76	\$10.42	15.9%	59
1,000	\$128.07	\$85.42	\$42.65	\$148.90	\$106.25	\$42.65	\$20.83	16.3%	48
2,000	\$253.26	\$170.83	\$82.43	\$294.93	\$212.50	\$82.43	\$41.67	16.5%	27
5,000	\$628.85	\$427.08	\$201.77	\$733.02	\$531.25	\$201.77	\$104.17	16.6%	29
10,000	\$1,254.85	\$854.17	\$400.68	\$1,463.18	\$1,062.50	\$400.68	\$208.33	16.6%	14
20,000	\$2,506.82	\$1,708.33	\$798.49	\$2,923.49	\$2,125.00	\$798.49	\$416.67	16.6%	17

Present Rates: T-06 (Phase-out to A-16)

Customer Charge		\$2.75
Transmission Energy Charge (1)	kWh x	\$0.00600
Distribution Energy Charge	kWh x	\$0.02473
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: T-06 (Phase-out to A-16)

Customer Charge		\$2.75
Transmission Energy Charge (2)	kWh x	\$0.00600
Distribution Energy Charge	kWh x	\$0.02473
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

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Date: 28-Oct-05  
Time: 04:49 PM

Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Rates  
Impact on T-06 (Phase-out to C-06) Rate Customers

Monthly kWh	Present Rates			Proposed Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
500	\$68.92	\$42.71	\$26.21	\$79.34	\$53.13	\$26.21	\$10.42	15.1%	2
1,000	\$131.59	\$85.42	\$46.17	\$152.42	\$106.25	\$46.17	\$20.83	15.8%	6
2,000	\$256.91	\$170.83	\$86.08	\$298.58	\$212.50	\$86.08	\$41.67	16.2%	13
5,000	\$632.91	\$427.08	\$205.83	\$737.08	\$531.25	\$205.83	\$104.17	16.5%	14
10,000	\$1,259.59	\$854.17	\$405.42	\$1,467.92	\$1,062.50	\$405.42	\$208.33	16.5%	13
20,000	\$2,512.91	\$1,708.33	\$804.58	\$2,929.58	\$2,125.00	\$804.58	\$416.67	16.6%	27

Present Rates: T-06 (Phase-out to C-06)

Customer Charge		\$6.00
Transmission Energy Charge (1)	kWh x	\$0.00600
Distribution Energy Charge	kWh x	\$0.02522
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.08200

Proposed Rates: T-06 (Phase-out to C-06)

Customer Charge		\$6.00
Transmission Energy Charge (2)	kWh x	\$0.00600
Distribution Energy Charge	kWh x	\$0.02522
Transition Energy Charge	kWh x	\$0.00845
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.10200

Note (1): Includes Transmission Adjustment Factor of \$.00239/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00239/kWh.

Testimony of  
Michael J. Hager

NATIONAL GRID  
October 2005 Standard Offer Service Rate Filing  
Witness: Michael J. Hager

**DIRECT TESTIMONY**  
**OF**  
**MICHAEL J. HAGER**

1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. Michael J. Hager, 55 Bearfoot Road, Northborough, Massachusetts 01532.

4

5 Q. Please state your position.

6 A. I am the Vice President, Energy Supply – New England for National. I am responsible

7 for, among other things, all power procurement and related activities for the New

8 England distribution companies of National Grid including The Narragansett Electric

9 Company (“Narragansett” or “Company”). These activities include the procurement of

10 power for Standard Offer Service and Last Resort Service.

11

12 Q. Will you describe your educational background and training?

13 A. In 1982, I graduated from the University of Hartford with a Bachelor of Science degree

14 in Mechanical Engineering. In 1986, I received a Master of Science degree in

15 Mechanical Engineering from Northeastern University. I am a Licensed Professional

16 Engineer in the Commonwealth of Massachusetts.

17

18 Q. What is your professional background?

19 A. From 1982 to 1992, I was employed by New England Power Service Company in various

20 engineering positions. In these positions, I provided support to New England Power

21 Company’s (“NEP”) thermal and hydroelectric generating plants with overall

1 responsibility for the management and control of studies and projects from initiation to  
2 completion.

3  
4 From 1992 to 1997, I was employed by NEP where I conducted wholesale and retail  
5 power marketing activities involving the sale and purchase of generation resources to and  
6 from investor-owned utilities, municipalities, independent power producers, government  
7 agencies, brokers, marketers, and end-use retail customers.

8  
9 In June 1997, I was promoted to the position of Standard Offer Portfolio Manager for  
10 New England Power Service Company (now National Grid USA Service Company). In  
11 November 2000, my title was changed to Manager, Distribution Energy Services to more  
12 fully reflect the scope of work performed by my department.

13  
14 In April 2002, I was promoted to the position of Director, Energy Supply – New  
15 England. In December 2002, I was promoted to the position of Vice President, Energy  
16 Supply – New England.

17  
18 Q. Have you previously testified before the Rhode Island Public Utilities Commission  
19 (“Commission”)?

20 A. Yes.

1 **II. Purpose of Testimony**

2 Q. What is the purpose of your testimony?

3 A. The purpose of my testimony is to provide an estimate of the costs Narragansett expects  
4 to incur under its Standard Offer supply contracts for the period October 2005 through  
5 December 2006 and to provide the Commission with an estimate of the Standard Offer  
6 expenses currently being disputed by the Company.

7

8 **III. Description of Fuel Index Adjustment Provision**

9 Q. What are the Company's current arrangements for procurement of Standard Offer  
10 Service?

11 A. The Company has contracts with three suppliers to serve the load within its pre-merger  
12 service territory ("Narragansett Zone"). The Company also has four contracts with  
13 suppliers to serve the load within the service territory of the former Blackstone Valley  
14 Electric Company and Newport Electric Corporation ("EUA Zone"). All of the  
15 Company's contracts run through December 31, 2009.

16

17 Q. Please describe the costs that Narragansett incurs under the Standard Offer supply  
18 contracts.

19 A. The Standard Offer supply contracts include two basic price components – a base price  
20 and, for some contracts, a fuel index adjustment provision.

21

1 Q. What is the base price in effect for calendar years 2005 and 2006?

2 A. The base price for calendar year 2005 is 5.5 ¢/kWh. The base price for calendar year  
3 2006 is 5.9¢/kWh.

4

5 Q. Can you describe the fuel index adjustment provision that is contained in the Standard  
6 Offer contracts?

7 A. Yes. Some of the Company's contracts with its Standard Offer suppliers contain a fuel  
8 index adjustment provision that provides additional payments to those suppliers in the  
9 event of substantial increases in the market price of No. 6 residual fuel oil (1% sulphur)  
10 and natural gas. In short, the provision compares the sum of the twelve-month rolling  
11 average of oil and natural gas prices to a preset trigger point. If the sum of the fuel index  
12 values exceeds the trigger point in a given month then the Company makes additional  
13 payments to the suppliers in that month. If the sum of the fuel index values is less than or  
14 equal to the trigger point in a given month, no additional payments are made in that  
15 month. Comparisons are made each month and thus payments may be made in some  
16 months and not in others. The text of the fuel index adjustment provision that is  
17 applicable to the Standard Offer contracts in the Narragansett Zone is provided as Exhibit  
18 MJH-1.

19

20 **IV. Fuel Index Estimate for the Period October 2005 through December 2006**

21 Q. Has the Company conducted an estimate of expected costs under the fuel index  
22 adjustment provisions for the period October 2005 through December 2006?

1 A. Yes. The Company has estimated its expected costs under the fuel index adjustment  
2 provisions using average natural gas and crude oil prices as reported in The Wall Street  
3 Journal on October 25, 2005, October 26, 2005 and October 27, 2005. The Company has  
4 also estimated its expected costs using average natural gas and crude oil prices as  
5 reported for the period October 1, 2005- October 27, 2005. This latter analysis was  
6 performed to determine if using average fuel costs over a broader period would result in a  
7 meaningful change in the expected cost value.

8  
9 Q. What natural gas and oil prices were used in the current estimate?

10 A. Exhibits MJH-2 and MJH-3 provide the natural gas and oil values used in the analysis.

11

12 Q. What are the resulting fuel index trigger payments?

13 A. Exhibits MJH-4 and MJH-5 provide the resulting fuel index adjustment payments from  
14 the analysis. The analysis shows that using the October 25-27 fuel prices, the Company  
15 would pay an arithmetic average fuel index adjustment payment for the period December  
16 2005 through August 2006 of 5.291¢/kWh for the Narragansett Zone load which  
17 corresponds to an arithmetic average of 3.915¢/kWh applicable to both zones. The fuel  
18 index adjustment is not applicable for the EUA Zone load in this period. The analysis  
19 shows that using the October 1-27 fuel prices, the Company would pay an arithmetic  
20 average fuel index adjustment payment for the period December 2005 through August  
21 2006 of 5.242¢/kWh for the Narragansett Zone load which corresponds to an arithmetic

1 average of 3.879¢/kWh applicable to both zones. The fuel index adjustment is not  
2 applicable for the EUA Zone load in this period.

3  
4 Q. How do these costs compare to current market costs for power?

5 A. The Company's market cost proxy for comparable service is the cost it incurs to procure  
6 its Last Resort Service requirements or the cost its affiliates incur to procure their Default  
7 Service requirements. In July 2005, the Company procured Last Resort Service for the  
8 period September 2005 through February 2006 at an arithmetic average rate of  
9 8.65¢/kWh for commercial and industrial customers and an arithmetic average rate of  
10 8.98¢/kWh for residential customers. Adjusted to reflect changes in natural gas prices  
11 since the procurement, these rates would average 14.49¢/kWh and 13.95¢/kWh  
12 respectively.

13  
14 In September 2005, the Company's affiliate in New Hampshire procured its Default  
15 Service requirements for the period November 2005 through April 2006 at an average  
16 rate of 12.29¢/kWh. Adjusted to reflect changes in natural gas prices since the  
17 procurement, these rates would average 13.88¢/kWh.

18  
19 Q. Can you provide the details of the current fuel index adjustment provision calculations?

20 A. Yes. Detailed calculations are provided in Exhibit MJH-6.

21

1 Q. In your review of the fuel indices and awareness of fuel markets, have you seen anything  
2 to indicate that natural gas and oil prices are likely to abate from current levels?

3 A. No. While the Company does not independently estimate natural gas and crude oil  
4 prices, it relies on futures market prices for purposes of estimating future Standard Offer  
5 expenses. General publications and power market publications do not provide any  
6 indication that prices will subside from their current levels in the near future. Exhibit  
7 MJH-7 shows the twelve month rolling average prices for natural gas and oil for the  
8 period December 1996-September 2005. The exhibit clearly indicates that during this  
9 period there has been a steady, and for the most part continual, increase in gas and oil  
10 prices over time. Exhibit MJH-8 shows the sum of the Gas Index and Oil Index values  
11 for the December 2005-December 2006 period on a daily basis since August 2, 2005.  
12 This exhibit clearly shows a steady increase in these prices since the start of the period.

13

14 **V. Disputed Standard Offer Expenses**

15 Q. Is the Company currently disputing any of its Standard Offer expense with suppliers?

16 A. Yes, it is. The Company continues to dispute fuel index charges billed to it by  
17 TransCanada Power Marketing, Ltd. ("TransCanada") for Standard Offer Service  
18 supplied under a wholesale contract to supply the former EUA Zone.

19

20 Q. Please indicate the amounts of the disputed charges with TransCanada?

21 A. Exhibit MJH-9 shows the actual and estimated fuel index payments that the Company has  
22 made and expects to make to TransCanada for the period January 2005 through

1 December 2006. The total amount of actual payments through September 2005 is  
2 \$3,852,195 and the payments for the period October 2005 through December 2006 are  
3 estimated to be approximately \$18.6 million. The estimated payments are based on the  
4 most recent forecast of natural gas and oil prices and the formula previously used to  
5 calculate the fuel index adjustment applicable to the EUA Standard Offer contracts.

6

7 **VI. Conclusion**

8 Q. Does this conclude your testimony?

9 A. Yes, it does.

Exhibits of  
Michael J. Hager



Standard Offer Fuel Index Adjustment Provision  
For Narragansett Zone Contracts

In the event of substantial increases in the market prices of No. 6 residual fuel oil (1% sulphur) and natural gas after 1999, NECO will pay additional amounts to Seller in accordance with this Standard Offer Fuel Index Adjustment Provision, which is calculated as follows:

The Stipulated Price that is in effect for a given billing month is multiplied by a “Fuel Index Adjustment” that is set equal to 1.0 and thus has no impact on the rate paid unless the “Market Gas Price” plus “Market Oil Price” for the billing month exceeds the “Fuel Trigger Point” then in effect, where:

The Stipulated Price is the following predetermined, flat rate, for energy consumed at the customer meter point:

<u>Calendar Year</u>	<u>Price per Kilowatt hour</u>
1998	3.2 cents
1999	3.5 cents
2000	3.8 cents
2001	3.8 cents
2002	4.2 cents
2003	4.7 cents
2004	5.1 cents
2005	5.5 cents
2006	5.9 cents
2007	6.3 cents
2008	6.7 cents
2009	7.1 cents

Seller will be paid the difference between the Stipulated Price as adjusted in accordance with this Standard Offer Fuel Adjustment Provision and the Stipulated Price for each kilowatt-hour it provides in the applicable month.

Market Gas Price is the average of the values of “Gas Index” for the most recent available twelve months where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in “The Wall Street Journal,” expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of “Oil Index” for the most recent available twelve months where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulphur No. 6 residual fuel oil into New York harbor, as reported in “Platt’s Oilgram U.S. Marketscan” in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If the indices referred to above should become obsolete or no longer suitable, NECO shall file alternate indices with the RIPUC.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

2000	\$5.35/MMBtu
2001	\$5.35
2002	\$6.09
2003	\$7.01
2004	\$7.74
2005 *	\$8.48
2006 *	\$9.22
2007 *	\$9.95
2008 *	\$10.69
2009 *	\$11.42

\* For Narragansett Zone only

In the event that the Fuel Trigger Point is exceeded, the Fuel Adjustment value for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment} = \frac{(\text{Market Gas Price} + \$0.60/\text{MMBtu}) + (\text{Market Oil Price} + \$0.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$0.60 + \$0.04/\text{MMBtu}}$$

Where:

Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of \$.60 and \$.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

For example if at a point in the year 2002 the Market Gas Price and Market Oil Price total \$6.50 (\$3.50/MMBtu plus \$3.00/MMBtu respectively), the Fuel Trigger Point of 6.09 would be exceeded. In this case the Fuel Adjustment value would be:

$$\frac{(\$3.50 + \$0.60/\text{MMBtu}) + (\$3.00 + \$0.04/\text{MMBtu})}{\$6.09 + \$0.60 + \$0.04/\text{MMBtu}} = 1.0609$$

The Stipulated Price is increased by this Fuel Adjustment factor for the billing month, becoming 4.45484/kWh (4.2 x 1.0609).

In subsequent months the same comparisons are made and, if applicable, a Fuel Adjustment determined.



**Gas and Oil Values**  
**Used in Company's Analysis**  
**October 25, 2005, October 26, 2005 and October 27, 2005**  
**(\$/mmBtu)**

<b>Month</b>	<b>Gas Index</b>	<b>Oil Index</b>
Sep-05	10.136	8.04
Oct-05	13.001	7.89
Nov-05	14.070	7.30
Dec-05	14.069	7.31
Jan-06	14.384	7.37
Feb-06	14.239	7.41
Mar-06	13.808	7.43
Apr-06	10.968	7.44
May-06	10.656	7.45
Jun-06	10.669	7.45
Jul-06	10.709	7.45
Aug-06	10.751	7.45
Sep-06	10.725	7.45
Oct-06	10.759	7.44
Nov-06	11.204	7.44
Dec-06	11.493	7.41



**Gas and Oil Values  
Used in Company's Analysis  
October 1, 2005 through October 27, 2005  
(\$/mmBtu)**

<b>Month</b>	<b>Gas Index</b>	<b>Oil Index</b>
Sep-05	10.136	8.04
Oct-05	13.001	7.89
Nov-05	13.541	7.30
Dec-05	13.914	7.40
Jan-06	14.307	7.43
Feb-06	14.154	7.46
Mar-06	13.727	7.48
Apr-06	10.813	7.49
May-06	10.403	7.50
Jun-06	10.408	7.50
Jul-06	10.441	7.49
Aug-06	10.475	7.49
Sep-06	10.450	7.49
Oct-06	10.480	7.49
Nov-06	10.908	7.47
Dec-06	11.280	7.43



**Summary of Additional Payments Estimated to be  
Made Pursuant to the Fuel Index Adjustment Provisions  
Based on October 25-27, 2005 Fuel Costs  
(Cents/kWh)**

<b>Month</b>	<b>Narragansett Zone</b>	<b>EUA Zone</b>
Oct-05	3.153	n/a
Nov-05	3.598	n/a
Dec-05	4.112	n/a
Jan-06	4.170	n/a
Feb-06	4.689	n/a
Mar-06	5.157	n/a
Apr-06	5.413	n/a
May-06	5.667	n/a
Jun-06	5.934	n/a
Jul-06	6.149	n/a
Aug-06	6.324	n/a
Sep-06	6.324	n/a
Oct-06	6.190	n/a
Nov-06	6.054	n/a
Dec-06	5.931	n/a



**Summary of Additional Payments Estimated to be  
Made Pursuant to the Fuel Index Adjustment Provisions  
Based on October 1-27, 2005 Fuel Costs  
(Cents/kWh)**

<b>Month</b>	<b>Narragansett Zone</b>	<b>EUA Zone</b>
Oct-05	3.153	n/a
Nov-05	3.572	n/a
Dec-05	4.082	n/a
Jan-06	4.140	n/a
Feb-06	4.657	n/a
Mar-06	5.122	n/a
Apr-06	5.374	n/a
May-06	5.617	n/a
Jun-06	5.873	n/a
Jul-06	6.077	n/a
Aug-06	6.240	n/a
Sep-06	6.228	n/a
Oct-06	6.083	n/a
Nov-06	5.960	n/a
Dec-06	5.830	n/a



Prices published in WSJ on: 25-Oct-05 26-Oct-05 27-Oct-05

DETERMINATION OF MARKET GAS PRICE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
Contract Month	Last Month of Trading	Settlement Prices (\$/mmBtu)			Gas Index	NGrid's Market Gas Price	EUA's Market Gas Price	SOS Delivery Month
		3rd Last	2nd Last	Last				
Jan-04	Dec-03	\$6.143	\$6.379	\$6.150	\$6.224	\$5.541	\$4.838	Jan-04
Feb-04	Jan-04	\$5.727	\$5.716	\$5.775	\$5.739	\$5.561	\$4.945	Feb-04
Mar-04	Feb-04	\$5.127	\$5.077	\$5.150	\$5.118	\$5.214	\$5.118	Mar-04
Apr-04	Mar-04	\$5.336	\$5.395	\$5.365	\$5.365	\$5.235	\$5.135	Apr-04
May-04	Apr-04	\$5.764	\$5.874	\$5.935	\$5.858	\$5.277	\$5.276	May-04
Jun-04	May-04	\$6.705	\$6.684	\$6.680	\$6.690	\$5.335	\$5.505	Jun-04
Jul-04	Jun-04	\$6.485	\$6.353	\$6.141	\$6.326	\$5.397	\$5.832	Jul-04
Aug-04	Jul-04	\$5.957	\$5.989	\$6.048	\$5.998	\$5.505	\$5.849	Aug-04
Sep-04	Aug-04	\$5.298	\$5.189	\$5.082	\$5.190	\$5.520	\$5.893	Sep-04
Oct-04	Sep-04	\$5.392	\$5.262	\$5.723	\$5.459	\$5.598	\$5.904	Oct-04
Nov-04	Oct-04	\$7.890	\$8.402	\$7.626	\$7.973	\$5.889	\$5.920	Nov-04
Dec-04	Nov-04	\$6.762	\$6.793	\$7.976	\$7.177	\$6.093	\$6.273	Dec-04
Jan-05	Dec-04	\$6.668	\$6.160	\$6.213	\$6.347	\$6.103	n/a	Jan-05
Feb-05	Jan-05	\$6.403	\$6.388	\$6.288	\$6.360	\$6.155	n/a	Feb-05
Mar-05	Feb-05	\$6.103	\$6.311	\$6.304	\$6.239	\$6.248	n/a	Mar-05
Apr-05	Mar-05	\$7.062	\$6.999	\$7.323	\$7.128	\$6.395	n/a	Apr-05
May-05	Apr-05	\$7.153	\$7.120	\$6.748	\$7.007	\$6.491	n/a	May-05
Jun-05	May-05	\$6.349	\$6.315	\$6.123	\$6.262	\$6.456	n/a	Jun-05
Jul-05	Jun-05	\$7.360	\$7.138	\$6.976	\$7.158	\$6.525	n/a	Jul-05
Aug-05	Jul-05	\$7.284	\$7.425	\$7.647	\$7.452	\$6.646	n/a	Aug-05
Sep-05	Aug-05	\$9.770	\$9.792	\$10.847	\$10.136	\$7.058	n/a	Sep-05
Oct-05	Sep-05	\$12.440	\$12.656	\$13.907	\$13.001	\$7.687	n/a	Oct-05
Nov-05	Oct-05	\$14.338	\$14.040	\$13.832	\$14.070	\$8.195	n/a	Nov-05
Dec-05	Nov-05	\$14.462	\$14.060	\$13.684	\$14.069	\$8.769	n/a	Dec-05
Jan-06	Dec-05	\$14.779	\$14.370	\$14.004	\$14.384	\$9.439	n/a	Jan-06
Feb-06	Jan-06	\$14.614	\$14.220	\$13.884	\$14.239	\$10.096	n/a	Feb-06
Mar-06	Feb-06	\$14.149	\$13.770	\$13.504	\$13.808	\$10.726	n/a	Mar-06
Apr-06	Mar-06	\$11.159	\$10.890	\$10.854	\$10.968	\$11.046	n/a	Apr-06
May-06	Apr-06	\$10.829	\$10.580	\$10.559	\$10.656	\$11.350	n/a	May-06
Jun-06	May-06	\$10.839	\$10.590	\$10.577	\$10.669	\$11.717	n/a	Jun-06
Jul-06	Jun-06	\$10.879	\$10.630	\$10.619	\$10.709	\$12.013	n/a	Jul-06
Aug-06	Jul-06	\$10.919	\$10.670	\$10.664	\$10.751	\$12.288	n/a	Aug-06
Sep-06	Aug-06	\$10.892	\$10.645	\$10.639	\$10.725	\$12.337	n/a	Sep-06
Oct-06	Sep-06	\$10.924	\$10.680	\$10.674	\$10.759	\$12.151	n/a	Oct-06
Nov-06	Oct-06	\$11.364	\$11.125	\$11.124	\$11.204	\$11.912	n/a	Nov-06
Dec-06	Nov-06	\$11.794	\$11.125	\$11.559	\$11.493	\$11.697	n/a	Dec-06

Notes:

- Col. A - Contract refers to the NYMEX Natural Gas Futures Contract, as approved by the CFTC, for the purchase and sale of natural gas at Henry Hub.
- Col. B - Month that trading for the Contract ends (the month before the delivery month)
- Col. C - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Oct-05)  
- Settlement price as reported in the Wall Street Journal on 10-25-05 (Nov-05 - Dec-06)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Oct-05)  
- Settlement price as reported in the Wall Street Journal on 10-26-05 (Nov-05 - Dec-06)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Oct-05)  
- Settlement price as reported in the Wall Street Journal on 10-27-05 (Nov-05 - Dec-06)
- Col. F - Average value of Col. C, Col. D and Col. E (=AVERAGE(Col. C..Col. E))
- Col. G - Average of the most recent twelve months of values in Col. F (including current SOS delivery month)
- Col. H - Average of the most recent six months of values in Col. F (ending month prior to SOS delivery month)
- Col. I - month in which SOS was delivered at wholesale.

**DETERMINATION OF MARKET OIL PRICE**

(Col. A)	(Col. B)	(Col. HH)	(Col. II)	(Col. JJ)	(Col. KK)	(Col. LL)	(Col. MM)	(Col. NN)	Prices published in WSJ on:				
SOS Delivery Month	Trading Month	Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NGrid's Market Oil Price	EUA's Market Oil Price	Average	25-Oct-05	26-Oct-05	27-Oct-05		
Jan-04	Jan-04	530.40	19	6.3	4.43	4.29	4.15	33.0200	33.02	33.02	33.02	<=Jan closing from WSJ on 12/19/03	
Feb-04	Feb-04	494.90	19	6.3	4.13	4.18	4.17	36.2000	36.20	36.20	36.20	<=Feb closing from WSJ on 01/20/04	
Mar-04	Mar-04	564.10	23	6.3	3.89	4.08	4.13	35.6000	35.60	35.60	35.60	<=Mar closing from WSJ on 02/20/04	
Apr-04	Apr-04	535.55	21	6.3	4.05	4.11	4.12	37.1100	37.11	37.11	37.11	<=Apr closing from WSJ on 03/22/04	
May-04	May-04	603.20	20	6.3	4.79	4.18	4.12	37.6000	37.60	37.60	37.60	<=May closing from WSJ on 04/20/04	
Jun-04	Jun-04	619.25	21	6.3	4.68	4.24	4.23	40.9200	40.92	40.92	40.92	<=June closing from WSJ on 05/20/04	
Jul-04	Jul-04	583.85	21	6.3	4.41	4.25	4.33	38.1100	38.11	38.11	38.11	<=July closing from WSJ on 06/22/04	
Aug-04	Aug-04	612.20	22	6.3	4.42	4.25	4.33	40.8600	40.86	40.86	40.86	<=Aug closing from WSJ on 07/20/04	
Sep-04	Sep-04	582.00	21	6.3	4.40	4.29	4.37	47.8600	47.86	47.86	47.86	<=Sept closing from WSJ on 08/20/04	
Oct-04	Oct-04	693.40	21	6.3	5.24	4.39	4.46	47.1000	47.10	47.10	47.10	<=Oct closing from WSJ on 09/21/04	
Nov-04	Nov-04	572.15	20	6.3	4.54	4.42	4.66	54.9200	54.92	54.92	54.92	<=Nov closing from WSJ on 10/20/04	
Dec-04	Dec-04	526.50	21	6.3	3.98	4.41	4.62	48.4400	48.44	48.44	48.44	<=Dec closing from WSJ on 11/19/04	
Jan-05	Jan-05	594.00	20	6.3	4.71	4.44	n/a	45.6400	45.64	45.64	45.64	<=Jan closing from WSJ on 12/20/04	
Feb-05	Feb-05	584.70	19	6.3	4.88	4.50	n/a	46.9100	46.91	46.91	46.91	<=Feb closing from WSJ on 01/20/05	
Mar-05	Mar-05	779.75	22	6.3	5.63	4.64	n/a	51.1500	51.15	51.15	51.15	<=Mar closing from WSJ on 02/22/05	
Apr-05	Apr-05	811.40	21	6.3	6.13	4.82	n/a	56.6200	56.62	56.62	56.62	<=Apr closing from WSJ on 03/21/05	
May-05	May-05	721.00	19	6.3	6.02	4.92	n/a	52.4400	52.44	52.44	52.44	<=May closing from WSJ on 04/20/05	
Jun-05	Jun-05	900.25	22	6.3	6.50	5.07	n/a	46.8000	46.80	46.80	46.80	<=Jun closing from WSJ on 05/20/05	
Jul-05	Jul-05	844.35	20	6.3	6.70	5.26	n/a	59.3700	59.37	59.37	59.37	<=Jul closing from WSJ on 06/22/05	
Aug-05	Aug-05	1048.35	23	6.3	7.23	5.50	n/a	57.4600	57.46	57.46	57.46	<=Aug closing from WSJ on 07/20/05	
Sep-05	Sep-05	1063.50	21	6.3	8.04	5.80	n/a	65.4500	65.45	65.45	65.45	<=Sep closing from WSJ on 08/22/05	
Oct-05	Oct-05	944.35	19	6.3	7.89	6.02	n/a	66.2300	66.23	66.23	66.23	<=Oct closing from WSJ on 09/20/05	
Nov-05	Nov-05	61.30			7.30	6.25	n/a	61.3000	61.30	61.30	61.30	<=Nov closing from WSJ on 10/20/05	
Dec-05	Dec-05	61.40			7.31	6.53	n/a	61.3967	62.44	60.66	61.09		
Jan-06	Jan-06	61.85			7.37	6.75	n/a	61.8467	62.82	61.20	61.52		
Feb-06	Feb-06	62.18			7.41	6.96	n/a	62.1800	63.10	61.59	61.85		
Mar-06	Mar-06	62.39			7.43	7.11	n/a	62.3867	63.28	61.82	62.06		
Apr-06	Apr-06	62.49			7.44	7.22	n/a	62.4933	63.37	61.94	62.17		
May-06	May-06	62.55			7.45	7.34	n/a	62.5467	63.42	62.00	62.22		
Jun-06	Jun-06	62.57			7.45	7.42	n/a	62.5667	63.43	62.03	62.24		
Jul-06	Jul-06	62.57			7.45	7.48	n/a	62.5700	63.43	62.03	62.25		
Aug-06	Aug-06	62.55			7.45	7.50	n/a	62.5500	63.40	62.02	62.23		
Sep-06	Sep-06	62.54			7.45	7.45	n/a	62.5400	63.40	62.02	62.20		
Oct-06	Oct-06	62.49			7.44	7.41	n/a	62.4867	63.31	61.95	62.20		
Nov-06	Nov-06	62.49			7.44	7.43	n/a	62.4867	63.31	61.95	62.20		
Dec-06	Dec-06	62.25			7.41	7.43	n/a	62.2467	63.07	61.73	61.94		

Notes:

- Col. A - month in which SOS was delivered at wholesale.
- Col. B - month in which oil prices were quoted and delivered.
- Col. C - Col. GG - daily prices as quoted by Platt's MarketScan. (not shown)
- Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Oct-05)
  - Oct-05 Final Crude oil contract price as reported in the Wall Street Journal on 20-Sep-05
  - average of Crude oil contract prices as reported in the Wall Street Journal on 10-25-05, 10-26-05 & 10-27-05
- Col. II - number of non-zero values in Col. C through Col. GG.
- Col. JJ - a fixed factor of 6.3 mmBtu per bbl.
- Col. KK - Col. HH divided by (Col. II x Col. JJ) (Jan-99 - Oct-05)
  - Current month value Col. HH \* Sep-05 value in Col KK/ 66.23 (Nov-05 - Dec-06)
  - Where 66.23 represents the Oct-05 closing value from the WSJ 20-Sep-05
- Col. LL - Average of the most recent twelve months of values in Col. KK (including current SOS delivery month)
- Col. MM - Average of the most recent six months of values in Col. KK (ending month prior to SOS delivery month)

DETERMINATION OF FUEL ADJUSTMENT VALUE

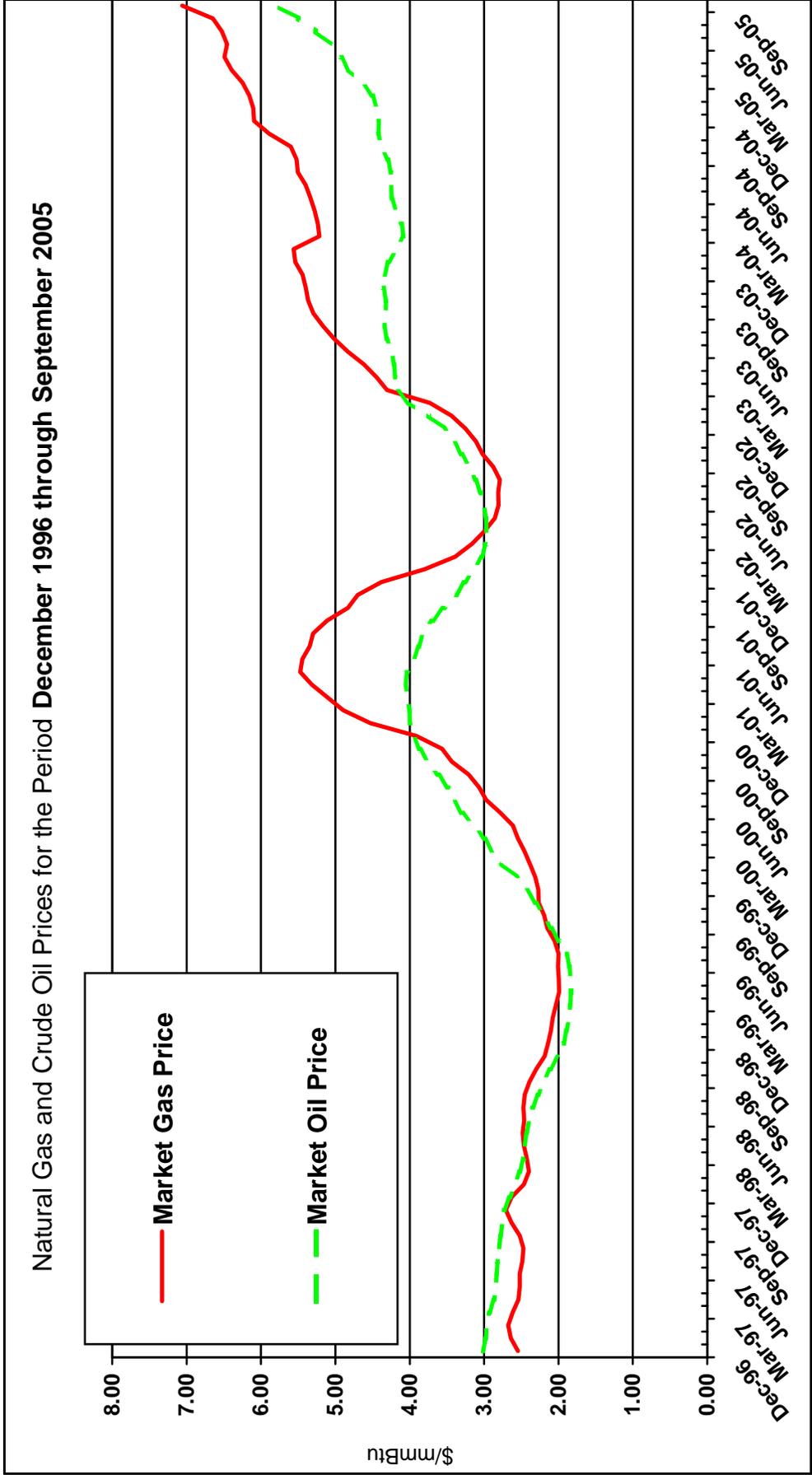
(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)	(Col. J)	(Col. K)	(Col. L)	(Col. M)	(Col. N)
SOS Delivery Month	NGrid's Market Gas Price	NGrid's Market Oil Price	NGrid's Fuel Value	NGrid's Fuel Trigger	NGrid's Adjustment Value	EUA's Market Gas Price	EUA's Market Oil Price	EUA's Fuel Value	EUA's Fuel Trigger	EUA's Adjustment Value	Ngrid Adjustment €/kWh	EUA Adjustment €/kWh	Weighted Adjustment €/kWh
Jan-04	\$5.5406	\$4.2925	\$9.8331	\$7.74	1.24977	\$4.8381	\$4.1543	\$8.9923	\$7.74	1.14944	1.274	0.762	1.141
Feb-04	\$5.5606	\$4.1759	\$9.7364	\$7.74	1.23824	\$4.9451	\$4.1685	\$9.1136	\$7.74	1.16391	1.215	0.836	1.116
Mar-04	\$5.2135	\$4.0831	\$9.2966	\$7.74	1.18576	\$5.1184	\$4.1281	\$9.2465	\$7.74	1.17977	0.947	0.917	0.939
Apr-04	\$5.2351	\$4.1059	\$9.3410	\$7.74	1.19105	\$5.1354	\$4.1232	\$9.2586	\$7.74	1.18121	0.974	0.924	0.961
May-04	\$5.2767	\$4.1827	\$9.4594	\$7.74	1.20518	\$5.2763	\$4.1163	\$9.3926	\$7.74	1.19721	1.046	1.006	1.036
Jun-04	\$5.3352	\$4.2417	\$9.5769	\$7.74	1.21920	\$5.5049	\$4.2262	\$9.7312	\$7.74	1.23761	1.118	1.212	1.142
Jul-04	\$5.3973	\$4.2473	\$9.6445	\$7.74	1.22727	\$5.8323	\$4.3291	\$10.1614	\$7.74	1.28895	1.159	1.474	1.241
Aug-04	\$5.5054	\$4.2506	\$9.7561	\$7.74	1.24058	\$5.8494	\$4.3261	\$10.1755	\$7.74	1.29063	1.227	1.482	1.293
Sep-04	\$5.5199	\$4.2903	\$9.8103	\$7.74	1.24705	\$5.8925	\$4.3732	\$10.2657	\$7.74	1.30139	1.260	1.537	1.332
Oct-04	\$5.5982	\$4.3864	\$9.9845	\$7.74	1.26784	\$5.9044	\$4.4575	\$10.3620	\$7.74	1.31288	1.366	1.596	1.426
Nov-04	\$5.8888	\$4.4208	\$10.3095	\$7.74	1.30663	\$5.9201	\$4.6564	\$10.5764	\$7.74	1.33848	1.564	1.726	1.606
Dec-04	\$6.0931	\$4.4138	\$10.5068	\$7.74	1.33017	\$6.2726	\$4.6153	\$10.8879	\$7.74	1.37564	1.684	1.916	1.744
Jan-05	\$6.1033	\$4.4374	\$10.5407	\$8.48	1.22595	n/a	n/a	n/a	n/a	n/a	1.243	n/a	0.920
Feb-05	\$6.1550	\$4.4999	\$10.6549	\$8.48	1.23848	n/a	n/a	n/a	n/a	n/a	1.312	n/a	0.971
Mar-05	\$6.2484	\$4.6443	\$10.8927	\$8.48	1.26456	n/a	n/a	n/a	n/a	n/a	1.455	n/a	1.077
Apr-05	\$6.3953	\$4.8181	\$11.2134	\$8.48	1.29971	n/a	n/a	n/a	n/a	n/a	1.648	n/a	1.220
May-05	\$6.4911	\$4.9211	\$11.4122	\$8.48	1.32151	n/a	n/a	n/a	n/a	n/a	1.768	n/a	1.309
Jun-05	\$6.4555	\$5.0723	\$11.5278	\$8.48	1.33419	n/a	n/a	n/a	n/a	n/a	1.838	n/a	1.360
Jul-05	\$6.5248	\$5.2630	\$11.7878	\$8.48	1.36269	n/a	n/a	n/a	n/a	n/a	1.995	n/a	1.476
Aug-05	\$6.6460	\$5.4978	\$12.1438	\$8.48	1.40173	n/a	n/a	n/a	n/a	n/a	2.210	n/a	1.635
Sep-05	\$7.0582	\$5.8011	\$12.8593	\$8.48	1.48018	n/a	n/a	n/a	n/a	n/a	2.641	n/a	1.954
Oct-05	\$7.6867	\$6.0218	\$13.7085	\$8.48	1.57330	n/a	n/a	n/a	n/a	n/a	3.153	n/a	2.333
Nov-05	\$8.1948	\$6.2519	\$14.4467	\$8.48	1.65424	n/a	n/a	n/a	n/a	n/a	3.598	n/a	2.663
Dec-05	\$8.7691	\$6.5297	\$15.2988	\$8.48	1.74768	n/a	n/a	n/a	n/a	n/a	4.112	n/a	3.043
Jan-06	\$9.4389	\$6.7508	\$16.1897	\$9.22	1.70686	n/a	n/a	n/a	n/a	n/a	4.170	n/a	3.086
Feb-06	\$10.0955	\$6.9609	\$17.0565	\$9.22	1.79477	n/a	n/a	n/a	n/a	n/a	4.689	n/a	3.470
Mar-06	\$10.7262	\$7.1114	\$17.8376	\$9.22	1.87400	n/a	n/a	n/a	n/a	n/a	5.157	n/a	3.816
Apr-06	\$11.0462	\$7.2207	\$18.2669	\$9.22	1.91753	n/a	n/a	n/a	n/a	n/a	5.413	n/a	4.006
May-06	\$11.3503	\$7.3396	\$18.6899	\$9.22	1.96043	n/a	n/a	n/a	n/a	n/a	5.667	n/a	4.193
Jun-06	\$11.7175	\$7.4194	\$19.1369	\$9.22	2.00577	n/a	n/a	n/a	n/a	n/a	5.934	n/a	4.391
Jul-06	\$12.0134	\$7.4821	\$19.4955	\$9.22	2.04214	n/a	n/a	n/a	n/a	n/a	6.149	n/a	4.550
Aug-06	\$12.2883	\$7.5001	\$19.7884	\$9.22	2.07185	n/a	n/a	n/a	n/a	n/a	6.324	n/a	4.680
Sep-06	\$12.3374	\$7.4510	\$19.7884	\$9.22	2.07185	n/a	n/a	n/a	n/a	n/a	6.324	n/a	4.680
Oct-06	\$12.1506	\$7.4139	\$19.5645	\$9.22	2.04913	n/a	n/a	n/a	n/a	n/a	6.190	n/a	4.581
Nov-06	\$11.9118	\$7.4256	\$19.3374	\$9.22	2.02611	n/a	n/a	n/a	n/a	n/a	6.054	n/a	4.480
Dec-06	\$11.6971	\$7.4341	\$19.1312	\$9.22	2.00519	n/a	n/a	n/a	n/a	n/a	5.931	n/a	4.389

Notes:

- Col. A - month in which SOS was delivered at wholesale
- Col. B - Average of the values of Gas Index for the most recent 12 months. (Col. G - Determination of Market Gas Price)
- Col. C - Average of the values of Oil Index for the most recent 12 months. (Col. LL - Determination of Market Oil Price)
- Col. D - Col. B + Col. C
- Col. E - Applicable value from the Standard Offer Supply Contracts.
- Col. F - @if(Col. D > Col. E, (Col. B + \$0.60 + Col. C + \$0.04) / (Col. E + \$0.64), 1.000)
- Col. G - Average of the values of Gas Index for the most recent 6 months. (Col. H - Determination of Market Gas Price)
- Col. H - Average of the values of Oil Index for the most recent 6 months. (Col. I - Determination of Market Oil Price)
- Col. I - Col. G + Col. H
- Col. J - Applicable value from the Standard Offer Supply Contracts.
- Col. K - @if(Col. I > Col. J, (Col. G + \$0.60 + Col. H + \$0.04) / (Col. J + \$0.64), 1.000)
- Col. L - (Col. F - 1.0) \* Applicable Contract Price from the Standard Offer Supply Contracts.
- Col. M - (Col. K - 1.0) \* Applicable Contract Price from the Standard Offer Supply Contracts.
- Col. N - (0.74 \* Col. K) + (0.26 \* Col. L)

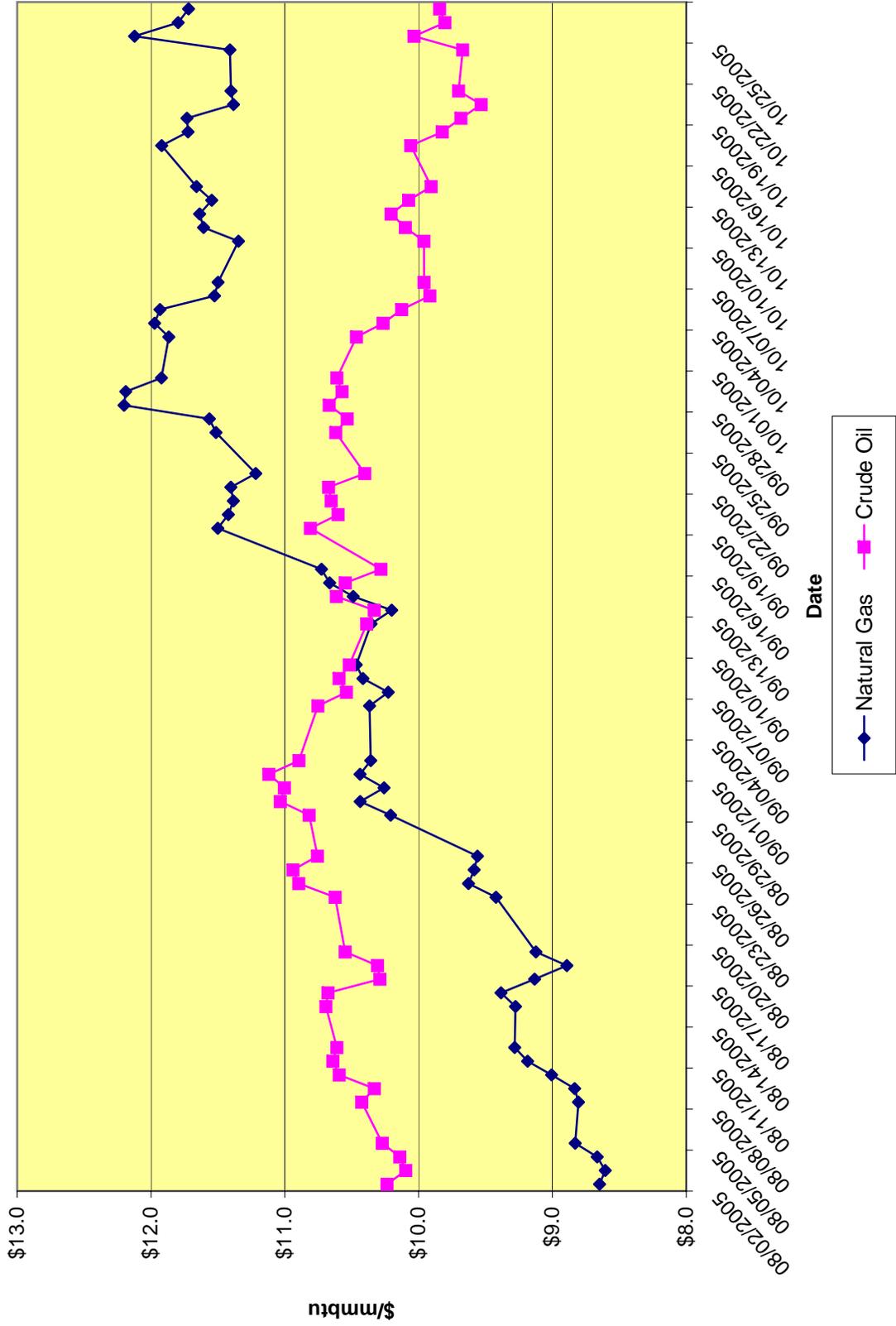
Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on 10-25-05, 10-26-05 & 10-27-05







**Average of 13-month Forward Prices (Dec 2005 - Dec 2006)**





**Summary of Disputed Standard Offer Payments**

<b>Month</b>	<b>Protest Payment (\$)</b>
January 2005	319,578
February 2005	282,636
March 2005	319,316
April 2005	316,801
May 2005	371,460
June 2005	449,665
July 2005	546,130
August 2005	642,166
September 2005	604,166
October 2005	708,578 (est.)
November 2005	861,387 (est.)
December 2005	1,129,610 (est.)
January 2006	1,271,449 (est.)
February 2006	1,350,733 (est.)
March 2006	1,514,512 (est.)
April 2006	1,424,525 (est.)
May 2006	1,314,223 (est.)
June 2006	1,379,860 (est.)
July 2006	1,466,891 (est.)
August 2006	1,445,665 (est.)
September 2006	1,331,353 (est.)
October 2006	1,100,732 (est.)
November 2006	1,082,206 (est.)
December 2006	1,196,476 (est.)

Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



**Joanne M. Scanlon**  
The Narragansett Electric Company

October 31, 2005  
Date

**Narragansett Electric Co. – Standard Offer Rate Filing – Docket 3689**  
**Service list as of 09/12/05**

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