

October 5, 2006

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 3739 - Standard Offer Reconciliation Report**

Dear Ms. Massaro:

Enclosed are ten copies of The Narragansett Electric Company's d/b/a National Grid ("National Grid" or "Company") Standard Offer Reconciliation Report ("Report") through August 2006. The enclosed Report provides the Company's most current projection of the Standard Offer reconciliation balance through December 31, 2006 based on actual revenues through September 2006 and expenses through August 2006. The estimated expenses are calculated using estimated fuel index payments based on projected gas and oil futures prices as reported in the *Wall Street Journal* for September 25, 26, and 27, 2006.

As shown in the Report, the Company estimates an over-collection of approximately \$6.6 million by the end of September 2006. By the end of December 2006, the Company estimates that the over-collection will be approximately \$26.8 million.

Attachment 1, page 1, of this Report shows the Company's projected Standard Offer reconciliation balance through December 31, 2006. Pages 2 and 3 of Attachment 1 support the calculation of the Company's estimated Standard Offer revenues and expenses, respectively. Estimated revenues are determined by applying the current Standard Offer Service rate of 9.4¢ per kWh to the Company's forecasted retail Standard Offer deliveries. Standard Offer base expenses are calculated by multiplying the forecasted kWh deliveries by the base wholesale charge in effect for each period under the Company's wholesale Standard Offer supply contracts.

The calculation of the estimated monthly fuel index adjustment prices per kWh based on the September 25, 26, and 27, 2006 forecasted fuel prices is contained in Attachment 2. Pages 1 and 2 include the projections of natural gas and crude oil prices, respectively. The monthly weighted fuel index adjustments are calculated on Page 3.

The Standard Offer reconciliation on page 1 of Attachment 1 also reflects additional payments, as shown in Column (g), that the Company has made and is expecting to make under protest to one of its Standard Offer suppliers.

Luly E. Massaro, Commission Clerk  
Docket 3739 – Standard Offer Reconciliation Report  
October 5, 2006  
Page 2 of 2

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

Very truly yours,

A handwritten signature in black ink that reads "Laura S. Olton". The signature is written in a cursive, slightly slanted style.

Laura S. Olton

Enclosures

cc: Docket 3739 Service List  
Steve Scialabba, RI Division

**Attachment 1**

**The Narragansett Electric Company  
d/b/a National Grid  
Report to the R.I.P.U.C.  
Standard Offer Reconciliation**

**Projected Balance  
for the period October 2005 through December 2006**

**Submitted: October 5, 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)
(1) Oct-05	(\$14,122,974)	\$15,650,388	\$28,996,088	\$12,308,381	\$41,304,469	(\$25,654,081)	(\$50,502)	(\$39,827,557)	(\$16,787,285)
(1) Nov-05	(\$39,827,557)	\$41,891,403	\$27,904,900	\$13,527,645	\$41,432,545	\$458,858	(\$802,060)	(\$40,170,759)	(\$13,024,805)
(1) Dec-05	(\$40,170,759)	\$49,356,280	\$31,774,975	\$17,134,045	\$48,909,020	\$447,260	(\$1,087,439)	(\$40,810,938)	(\$11,355,691)
(1) Jan-06	(\$40,810,938)	\$53,554,994	\$33,033,210	\$16,282,947	\$49,316,157	\$4,238,837	(\$1,082,390)	(\$37,654,490)	(\$9,205,684)
(1) Feb-06	(\$37,654,490)	\$51,725,103	\$30,414,298	\$15,937,659	\$46,351,957	\$5,373,146	(\$1,104,575)	(\$33,385,920)	(\$1,873,622)
(1) Mar-06	(\$33,385,920)	\$57,295,088	\$31,993,526	\$17,350,530	\$49,344,056	\$7,951,032	(\$1,161,614)	(\$26,596,502)	\$542,455
(1) Apr-06	(\$26,596,502)	\$49,343,559	\$27,827,903	\$15,399,194	\$43,227,097	\$6,116,462	(\$962,065)	(\$21,442,105)	\$3,729,495
(1) May-06	(\$21,442,105)	\$45,766,547	\$29,289,997	\$16,626,980	\$45,916,977	(\$150,431)	(\$913,161)	(\$22,505,697)	\$5,028,798
(1) Jun-06	(\$22,505,697)	\$50,062,717	\$32,997,440	\$18,952,659	\$51,950,099	(\$1,887,381)	(\$888,635)	(\$25,281,713)	\$8,502,981
(1) Jul-06	(\$25,281,713)	\$61,426,717	\$40,913,211	\$23,657,797	\$64,571,008	(\$3,144,291)	(\$939,326)	(\$29,365,329)	\$7,770,887
(2) Aug-06	(\$29,365,329)	\$67,520,394	\$37,308,008	\$21,540,759	\$58,848,767	\$8,671,626	(\$739,685)	(\$21,433,387)	\$9,611,434
(2) Sep-06	(\$21,433,387)	\$56,445,129	\$35,719,581	\$19,130,982	\$54,850,563	\$1,594,566	(\$708,846)	(\$20,547,668)	\$6,798,875
* (2) Oct-06	(\$20,547,668)	\$27,346,543				\$27,346,543		\$6,798,875	
Totals	(\$14,122,974)	\$627,384,860	\$388,173,136	\$207,849,578	\$596,022,714	\$31,362,146	(\$10,440,297)	\$6,798,875	
Interest (3)								(\$156,797)	
Ending Balance@ September 30, 2006 with Interest								\$6,642,078	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation :  $(-14122974+6798875)/2*((4.27\%*5/12)+(4.29\%*7/12))$

\* 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	\$6,642,078	\$22,374,444	\$31,435,301	\$14,720,586	\$46,155,887	(\$23,781,442)	(\$599,074)	(\$17,738,439)	\$9,947,553
(2) Nov-06	(\$17,738,439)	\$50,338,166	\$31,825,502	\$12,980,821	\$44,806,323	\$5,531,843	(\$496,943)	(\$12,703,539)	\$18,127,606
(2) Dec-06	(\$12,703,539)	\$56,056,627	\$35,440,908	\$13,065,965	\$48,506,873	\$7,549,754	(\$475,835)	(\$5,629,620)	\$26,576,904
* (2) Jan-07	(\$5,629,620)	\$32,206,524				\$32,206,524		\$26,576,904	
Totals	\$6,642,078	\$160,975,762	\$98,701,711	\$40,767,372	\$139,469,083	\$21,506,679	(\$1,571,853)	\$26,576,904	
Interest (3)								\$178,137	
Ending Balance@ December 31, 2006 with Interest								\$26,755,041	

\* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation :  $(6642078+26576904)/2*(4.29\%)$

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 Oct 2005: Last Resort Service reconciliation over recovery of \$631,413 incurred for the period October 2004 through September 2005 transferred to Standard Offer reconciliation per Commission decision in Docket No. 3706
- 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 Standard Offer <u>Deliveries</u> (a)	Standard Offer <u>Rate</u> (b)	Total Estimated <u>Revenues</u> (c)
Oct-05	n/a	\$0.08200	n/a
Nov-05	n/a	\$0.08200	n/a
Dec-05	n/a	\$0.08200	n/a
Jan-06	n/a	\$0.10000	n/a
Feb-06	n/a	\$0.10000	n/a
Mar-06	n/a	\$0.10000	n/a
Apr-06	n/a	\$0.10000	n/a
May-06	n/a	\$0.10000	n/a
Jun-06	n/a	\$0.10000	n/a
Jul-06	n/a	\$0.10000	n/a
Aug-06	n/a	\$0.10000	n/a
Sep-06	n/a	\$0.09400	n/a
Oct-06	528,946,673	\$0.09400	\$49,720,987
Nov-06	535,512,408	\$0.09400	\$50,338,166
Dec-06	596,347,100	\$0.09400	\$56,056,627
Jan-07	622,950,171	\$0.09400	\$58,557,316
Feb-07	570,914,578	\$0.09400	\$53,665,970
Mar-07	552,752,556	\$0.09400	\$51,958,740
Apr-07	529,246,302	\$0.09400	\$49,749,152
May-07	508,643,033	\$0.09400	\$47,812,445
Jun-07	552,581,034	\$0.09400	\$51,942,617
Jul-07	620,683,838	\$0.09400	\$58,344,281
Aug-07	650,209,871	\$0.09400	\$61,119,728
Sep-07	611,447,214	\$0.09400	\$57,476,038
Oct-07	537,062,045	\$0.09400	\$50,483,832
Nov-07	553,097,264	\$0.09400	\$51,991,143
Dec-07	613,246,046	\$0.09400	\$57,645,128
Jan-08 full mo kWh	632,294,424	\$0.09400	\$59,435,676

Column Notes:

- (a) from Page 3, Column (c)
- (b) Per currently effective tariff
- (c) Column (a) x Column (b)

Standard Offer Reconciliation  
Estimated Standard Offer Expenses

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	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)
<b>2006</b>								
Oct-2005	631,297,642	86.0%	n/a	\$0.05943	n/a	\$0.02333	n/a	n/a
Nov-2005	629,717,437	86.0%	n/a	\$0.05943	n/a	\$0.02662	n/a	n/a
Dec-2005	690,430,346	86.0%	n/a	\$0.05943	n/a	\$0.02961	n/a	n/a
Jan-2006	692,810,528	86.0%	n/a	\$0.05943	n/a	\$0.02907	n/a	n/a
Feb-2006	645,230,665	86.0%	n/a	\$0.05943	n/a	\$0.03081	n/a	n/a
Mar-2006	648,203,679	86.0%	n/a	\$0.05943	n/a	\$0.03189	n/a	n/a
Apr-2006	611,007,924	86.0%	n/a	\$0.05943	n/a	\$0.03263	n/a	n/a
May-2006	583,163,961	86.0%	n/a	\$0.05943	n/a	\$0.03342	n/a	n/a
Jun-2006	632,714,427	86.0%	n/a	\$0.05943	n/a	\$0.03373	n/a	n/a
Jul-2006	709,622,935	86.0%	n/a	\$0.05943	n/a	\$0.03367	n/a	n/a
Aug-2006	740,915,456	86.0%	n/a	\$0.05943	n/a	\$0.03370	n/a	n/a
Sep-2006	698,879,291	86.0%	601,036,190	\$0.05943	\$35,719,581	\$0.03183	\$19,130,982	\$54,850,563
Oct-2006	615,054,271	86.0%	528,946,673	\$0.05943	\$31,435,301	\$0.02783	\$14,720,586	\$46,155,887
Nov-2006	622,688,847	86.0%	535,512,408	\$0.05943	\$31,825,502	\$0.02424	\$12,980,821	\$44,806,323
Dec-2006	693,426,860	86.0%	596,347,100	\$0.05943	\$35,440,908	\$0.02191	\$13,065,965	\$48,506,873
Total Expected Payments through December .....							\$59,898,354	\$194,319,646
<b>2007</b>								
Jan-07	724,360,664	86.0%	622,950,171	\$0.06343	\$39,513,729	\$0.01643	\$10,235,071	\$49,748,801
Feb-07	663,854,160	86.0%	570,914,578	\$0.06343	\$36,213,112	\$0.01545	\$8,820,630	\$45,033,742
Mar-07	642,735,530	86.0%	552,752,556	\$0.06343	\$35,061,095	\$0.01483	\$8,197,320	\$43,258,415
Apr-07	615,402,677	86.0%	529,246,302	\$0.06343	\$33,570,093	\$0.01390	\$7,356,524	\$40,926,617
May-07	591,445,387	86.0%	508,643,033	\$0.06343	\$32,263,228	\$0.01303	\$6,627,619	\$38,890,846
Jun-07	642,536,086	86.0%	552,581,034	\$0.06343	\$35,050,215	\$0.01278	\$7,061,986	\$42,112,201
Jul-07	721,725,393	86.0%	620,683,838	\$0.06343	\$39,369,976	\$0.01253	\$7,777,168	\$47,147,144
Aug-07	756,057,989	86.0%	650,209,871	\$0.06343	\$41,242,812	\$0.01193	\$7,757,004	\$48,999,816
Sep-07	710,985,132	86.0%	611,447,214	\$0.06343	\$38,784,097	\$0.01196	\$7,312,909	\$46,097,005
Oct-07	624,490,750	86.0%	537,062,045	\$0.06343	\$34,065,846	\$0.01321	\$7,094,590	\$41,160,435
Nov-07	643,136,354	86.0%	553,097,264	\$0.06343	\$35,082,959	\$0.01409	\$7,793,140	\$42,876,100
Dec-07	713,076,798	86.0%	613,246,046	\$0.06343	\$38,898,197	\$0.01469	\$9,008,584	\$47,906,781
Total Expected Payments January - December .....							\$95,042,545	\$534,157,903

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) Attachment 2, page 3
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

**Attachment 2**

**The Narragansett Electric Company  
d/b/a National Grid  
Report to the R.I.P.U.C.  
Standard Offer Reconciliation**

**Calculation of the Fuel Index Adjustment  
through December 2007**

Prices published in WSJ on: 25-Sep-06 26-Sep-06 27-Sep-06

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-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	\$11.614	\$11.620	\$11.180	\$11.471	\$8.553	n/a	Dec-05
Jan-06	Dec-05	\$12.283	\$11.022	\$11.431	\$11.579	\$8.989	n/a	Jan-06
Feb-06	Jan-06	\$8.460	\$8.229	\$8.400	\$8.363	\$9.156	n/a	Feb-06
Mar-06	Feb-06	\$7.283	\$7.458	\$7.112	\$7.284	\$9.243	n/a	Mar-06
Apr-06	Mar-06	\$7.067	\$7.214	\$7.233	\$7.171	\$9.246	n/a	Apr-06
May-06	Apr-06	\$7.558	\$7.254	\$7.198	\$7.337	\$9.274	n/a	May-06
Jun-06	May-06	\$5.964	\$5.975	\$5.925	\$5.955	\$9.248	n/a	Jun-06
Jul-06	Jun-06	\$5.969	\$6.107	\$5.887	\$5.988	\$9.151	n/a	Jul-06
Aug-06	Jul-06	\$6.409	\$6.887	\$7.042	\$6.779	\$9.095	n/a	Aug-06
Sep-06	Aug-06	\$7.157	\$6.472	\$6.816	\$6.815	\$8.818	n/a	Sep-06
Oct-06	Sep-06	<b>\$4.475</b>	<b>\$5.805</b>	<b>\$4.201</b>	<b>\$4.827</b>	<b>\$8.137</b>	n/a	Oct-06
Nov-06	Oct-06	<b>\$5.733</b>	<b>\$7.320</b>	<b>\$5.669</b>	<b>\$6.241</b>	<b>\$7.484</b>	n/a	Nov-06
Dec-06	Nov-06	<b>\$7.223</b>	<b>\$7.810</b>	<b>\$7.209</b>	<b>\$7.414</b>	<b>\$7.146</b>	n/a	Dec-06
Jan-07	Dec-06	<b>\$7.713</b>	<b>\$7.870</b>	<b>\$7.644</b>	<b>\$7.742</b>	<b>\$6.826</b>	n/a	Jan-07
Feb-07	Jan-07	<b>\$7.773</b>	<b>\$7.705</b>	<b>\$7.714</b>	<b>\$7.731</b>	<b>\$6.774</b>	n/a	Feb-07
Mar-07	Feb-07	<b>\$7.680</b>	<b>\$7.125</b>	<b>\$7.579</b>	<b>\$7.461</b>	<b>\$6.788</b>	n/a	Mar-07
Apr-07	Mar-07	<b>\$7.048</b>	<b>\$7.095</b>	<b>\$7.089</b>	<b>\$7.077</b>	<b>\$6.781</b>	n/a	Apr-07
May-07	Apr-07	<b>\$7.013</b>	<b>\$7.191</b>	<b>\$7.069</b>	<b>\$7.091</b>	<b>\$6.760</b>	n/a	May-07
Jun-07	May-07	<b>\$7.105</b>	<b>\$7.290</b>	<b>\$7.163</b>	<b>\$7.186</b>	<b>\$6.863</b>	n/a	Jun-07
Jul-07	Jun-07	<b>\$7.200</b>	<b>\$7.357</b>	<b>\$7.261</b>	<b>\$7.273</b>	<b>\$6.970</b>	n/a	Jul-07
Aug-07	Jul-07	<b>\$7.265</b>	<b>\$7.430</b>	<b>\$7.331</b>	<b>\$7.342</b>	<b>\$7.017</b>	n/a	Aug-07
Sep-07	Aug-07	<b>\$7.338</b>	<b>\$7.540</b>	<b>\$7.401</b>	<b>\$7.426</b>	<b>\$7.068</b>	n/a	Sep-07
Oct-07	Sep-07	<b>\$7.448</b>	<b>\$8.090</b>	<b>\$7.506</b>	<b>\$7.681</b>	<b>\$7.305</b>	n/a	Oct-07
Nov-07	Oct-07	<b>\$7.983</b>	<b>\$8.625</b>	<b>\$8.054</b>	<b>\$8.221</b>	<b>\$7.470</b>	n/a	Nov-07
Dec-07	Nov-07	<b>\$8.493</b>	<b>\$8.990</b>	<b>\$8.589</b>	<b>\$8.691</b>	<b>\$7.577</b>	n/a	Dec-07

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 - Sep-06)  
- Settlement price as reported in the Wall Street Journal on 09-25-06 (Oct-06 - Dec-07)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Sep-06)  
- Settlement price as reported in the Wall Street Journal on 09-26-06 (Oct-06 - Dec-07)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Sep-06)  
- Settlement price as reported in the Wall Street Journal on 09-27-06 (Oct-06 - Dec-07)
- 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-Sep-06	26-Sep-06	27-Sep-06	
Jan-05	Jan-05	594.00	20	6.3	4.71	4.43738	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	4.49990	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	4.64430	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	4.81806	n/a	56.6200	56.62	56.62	56.62	<=Apr closing from WSJ on 03/21/05
May-05	May-05	792.25	21	6.3	5.99	4.91814	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	5.06936	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	5.26003	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	5.49487	n/a	57.4600	57.46	57.46	57.46	<=Aug closing from WSJ on 07/20/05
Sep-05	Sep-05	1064.75	21	6.3	8.05	5.79894	n/a	65.4500	65.45	65.45	65.45	<=Sep closing from WSJ on 08/22/05
Oct-05	Oct-05	1048.35	21	6.3	7.92	6.02252	n/a	66.2300	66.23	66.23	66.23	<=Oct closing from WSJ on 09/20/05
Nov-05	Nov-05	919.00	20	6.3	7.29	6.25192	n/a	61.3000	61.30	61.30	61.30	<=Nov closing from WSJ on 10/20/05
Dec-05	Dec-05	1020.00	21	6.3	7.71	6.56276	n/a	56.1400	56.14	56.14	56.14	<=Dec closing from WSJ on 11/18/05
Jan-06	Jan-06	948.15	20	6.3	7.53	6.79699	n/a	57.9800	57.98	57.98	57.98	<=Jan closing from WSJ on 12/20/05
Feb-06	Feb-06	911.50	19	6.3	7.61	7.02450	n/a	68.3500	68.35	68.35	68.35	<=Feb closing from WSJ on 01/20/06
Mar-06	Mar-06	1086.62	23	6.3	7.50	7.18060	n/a	61.1000	61.10	61.10	61.10	<=Mar closing from WSJ on 02/21/06
Apr-06	Apr-06	967.73	19	6.3	8.08	7.34323	n/a	60.5700	60.57	60.57	60.57	<=Apr closing from WSJ on 03/21/06
May-06	May-06	1081.50	22	6.3	7.80	7.49446	n/a	71.9500	71.95	71.95	71.95	<=May closing from WSJ on 04/20/06
Jun-06	Jun-06	1060.25	22	6.3	7.65	7.59066	n/a	69.2300	69.23	69.23	69.23	<=June closing from WSJ on 05/22/06
Jul-06	Jul-06	923.40	19	6.3	7.71	7.67509	n/a	70.3300	70.33	70.33	70.33	<=July closing from WSJ on 06/20/06
Aug-06	Aug-06	1155.05	23	6.3	7.97	7.73645	n/a	73.0800	73.08	73.08	73.08	<=Aug closing from WSJ on 07/20/06
Sep-06	Sep-06	796.22	20	6.3	6.32	7.59239	n/a	72.6300	72.63	72.63	72.63	<=Sep closing from WSJ on 08/22/06
Oct-06	Oct-06	60.46			5.26	7.37041	n/a	60.4600	60.46	60.46	60.46	<=Oct closing from WSJ on 09/20/06
Nov-06	Nov-06	61.81			5.38	7.21073	n/a	61.8067	61.45	61.01	62.96	
Dec-06	Dec-06	62.70			5.46	7.02288	n/a	62.7033	62.33	61.92	63.86	
Jan-07	Jan-07	63.47			5.52	6.85601	n/a	63.4733	63.10	62.69	64.63	
Feb-07	Feb-07	64.13			5.58	6.68641	n/a	64.1300	63.77	63.34	65.28	
Mar-07	Mar-07	64.70			5.63	6.53059	n/a	64.7000	64.36	63.91	65.83	
Apr-07	Apr-07	65.03			5.66	6.32837	n/a	65.0300	64.87	63.91	66.31	
May-07	May-07	65.16			5.67	6.15058	n/a	65.1633	64.87	63.91	66.71	
Jun-07	Jun-07	65.95			5.74	5.99127	n/a	65.9500	65.65	65.17	67.03	
Jul-07	Jul-07	66.24			5.76	5.82868	n/a	66.2400	65.94	65.47	67.31	
Aug-07	Aug-07	66.32			5.77	5.64525	n/a	66.3200	66.18	65.47	67.31	
Sep-07	Sep-07	66.53			5.79	5.60100	n/a	66.5267	66.36	65.91	67.31	
Oct-07	Oct-07	66.57			5.79	5.64530	n/a	66.5700	66.49	65.91	67.31	
Nov-07	Nov-07	66.69			5.80	5.68068	n/a	66.6867	66.59	66.16	67.31	
Dec-07	Dec-07	66.96			5.83	5.71155	n/a	66.9600	66.65	66.22	68.01	

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 - Sep-06)
  - Oct-06 Final Crude oil contract price as reported in the Wall Street Journal on 20-Sep-06
  - average of Crude oil contract prices as reported in the Wall Street Journal on 09-25-06, 09-26-06 & 09-27-06
- 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 - Sep-06)
  - Current month value Col. HH \* Sep-06 value in Col KK / 72.63 (Oct-06 - Dec-07)
  - Where 72.63 represents the Sep-06 closing value from the WSJ 22-Aug-06
- 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 e/kWh	EUA Adjustment e/kWh	Weighted Adjustment e/kWh
Jan-05	\$6.10331	\$4.43738	\$10.5407	\$8.48	1.22595	n/a	n/a	n/a	n/a	n/a	1.243	n/a	0.920
Feb-05	\$6.15500	\$4.49990	\$10.6549	\$8.48	1.23848	n/a	n/a	n/a	n/a	n/a	1.312	n/a	0.971
Mar-05	\$6.24844	\$4.64430	\$10.8927	\$8.48	1.26456	n/a	n/a	n/a	n/a	n/a	1.455	n/a	1.077
Apr-05	\$6.39533	\$4.81806	\$11.2134	\$8.48	1.29971	n/a	n/a	n/a	n/a	n/a	1.648	n/a	1.220
May-05	\$6.49111	\$4.91814	\$11.4092	\$8.48	1.32119	n/a	n/a	n/a	n/a	n/a	1.767	n/a	1.307
Jun-05	\$6.45550	\$5.06936	\$11.5249	\$8.48	1.33387	n/a	n/a	n/a	n/a	n/a	1.836	n/a	1.359
Jul-05	\$6.52481	\$5.26003	\$11.7848	\$8.48	1.36237	n/a	n/a	n/a	n/a	n/a	1.993	n/a	1.475
Aug-05	\$6.64597	\$5.49487	\$12.1408	\$8.48	1.40141	n/a	n/a	n/a	n/a	n/a	2.208	n/a	1.634
Sep-05	\$7.05819	\$5.79894	\$12.8571	\$8.48	1.47995	n/a	n/a	n/a	n/a	n/a	2.640	n/a	1.953
Oct-05	\$7.68669	\$6.02252	\$13.7092	\$8.48	1.57338	n/a	n/a	n/a	n/a	n/a	3.154	n/a	2.334
Nov-05	\$8.19481	\$6.25192	\$14.4467	\$8.48	1.65425	n/a	n/a	n/a	n/a	n/a	3.598	n/a	2.663
Dec-05	\$8.55267	\$6.56276	\$15.1154	\$8.48	1.72757	n/a	n/a	n/a	n/a	n/a	4.002	n/a	2.961
Jan-06	\$8.98864	\$6.79699	\$15.7856	\$9.22	1.66589	n/a	n/a	n/a	n/a	n/a	3.929	n/a	2.907
Feb-06	\$9.15558	\$7.02450	\$16.1801	\$9.22	1.70589	n/a	n/a	n/a	n/a	n/a	4.165	n/a	3.082
Mar-06	\$9.24267	\$7.18060	\$16.4233	\$9.22	1.73055	n/a	n/a	n/a	n/a	n/a	4.310	n/a	3.190
Apr-06	\$9.24628	\$7.34323	\$16.5895	\$9.22	1.74742	n/a	n/a	n/a	n/a	n/a	4.410	n/a	3.263
May-06	\$9.27375	\$7.49446	\$16.7682	\$9.22	1.76554	n/a	n/a	n/a	n/a	n/a	4.517	n/a	3.342
Jun-06	\$9.24811	\$7.59066	\$16.8388	\$9.22	1.77270	n/a	n/a	n/a	n/a	n/a	4.559	n/a	3.374
Jul-06	\$9.15058	\$7.67509	\$16.8257	\$9.22	1.77137	n/a	n/a	n/a	n/a	n/a	4.551	n/a	3.368
Aug-06	\$9.09453	\$7.73645	\$16.8310	\$9.22	1.77190	n/a	n/a	n/a	n/a	n/a	4.554	n/a	3.370
Sep-06	\$8.81775	\$7.59239	\$16.4101	\$9.22	1.72922	n/a	n/a	n/a	n/a	n/a	4.302	n/a	3.184
Oct-06	\$8.13658	\$7.37041	\$15.5070	\$9.22	1.63763	n/a	n/a	n/a	n/a	n/a	3.762	n/a	2.784
Nov-06	\$7.48414	\$7.21073	\$14.6949	\$9.22	1.55526	n/a	n/a	n/a	n/a	n/a	3.276	n/a	2.424
Dec-06	\$7.14603	\$7.02288	\$14.1689	\$9.22	1.50192	n/a	n/a	n/a	n/a	n/a	2.961	n/a	2.191
Jan-07	\$6.82633	\$6.85601	\$13.6823	\$9.95	1.35244	n/a	n/a	n/a	n/a	n/a	2.220	n/a	1.643
Feb-07	\$6.77364	\$6.68641	\$13.4600	\$9.95	1.33145	n/a	n/a	n/a	n/a	n/a	2.088	n/a	1.545
Mar-07	\$6.78839	\$6.53059	\$13.3190	\$9.95	1.31813	n/a	n/a	n/a	n/a	n/a	2.004	n/a	1.483
Apr-07	\$6.78056	\$6.32837	\$13.1089	\$9.95	1.29829	n/a	n/a	n/a	n/a	n/a	1.879	n/a	1.391
May-07	\$6.76008	\$6.15058	\$12.9107	\$9.95	1.27957	n/a	n/a	n/a	n/a	n/a	1.761	n/a	1.303
Jun-07	\$6.86269	\$5.99127	\$12.8540	\$9.95	1.27422	n/a	n/a	n/a	n/a	n/a	1.728	n/a	1.278
Jul-07	\$6.96978	\$5.82868	\$12.7985	\$9.95	1.26898	n/a	n/a	n/a	n/a	n/a	1.695	n/a	1.254
Aug-07	\$7.01667	\$5.64525	\$12.6619	\$9.95	1.25608	n/a	n/a	n/a	n/a	n/a	1.613	n/a	1.194
Sep-07	\$7.06761	\$5.60100	\$12.6686	\$9.95	1.25671	n/a	n/a	n/a	n/a	n/a	1.617	n/a	1.197
Oct-07	\$7.30547	\$5.64530	\$12.9508	\$9.95	1.28336	n/a	n/a	n/a	n/a	n/a	1.785	n/a	1.321
Nov-07	\$7.47047	\$5.68068	\$13.1512	\$9.95	1.30228	n/a	n/a	n/a	n/a	n/a	1.904	n/a	1.409
Dec-07	\$7.57686	\$5.71155	\$13.2884	\$9.95	1.31524	n/a	n/a	n/a	n/a	n/a	1.986	n/a	1.470

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. L) + (0.26 \* Col. M)

Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on 09-25-06, 09-26-06 & 09-27-06