

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

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IN RE: NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID'S PROPOSED RATE :
REDUCTION TO STANDARD OFFER BY : DOCKET NO. 3739
FILING DATED MARCH 31, 2006 :
:

IN RE: NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID'S PROPOSED RATE :
CHANGES TO STANDARD OFFER RATE, : DOCKET NO. 3706
TRANSITION CHARGE AND TRANSMISSION :
ADJUSTMENT FACTOR (ESTABLISHED BY :
ORDER NO. 18509 DATED JANUARY 24, 2006) :
:

PETITION & MOTION TO INTERVENE

PETITION & MOTION FOR RELIEF FROM ORDER

PETITION & MOTION FOR REOPENING AND RECONSIDERATION

PETITION & MOTION AND COMPLAINT FOR RATE REDUCTION

PETITION & MOTION FOR INTERIM RELIEF

**FILED BY AND ON BEHALF OF
THE RHODE ISLAND PUBLIC UTILITY REGULATORY
REFORM ALLIANCE ("RIPURRA"), A NON-PROFIT RHODE ISLAND
INCORPORATED ASSOCIATION
(COLLECTIVELY "THE RATEPAYER")**

1. Narragansett Electric Company d/b/a National Grid ("National Grid") is both an electric distribution company and public utility as defined under Sections 39-1-2 (12) and 39-1-2 (20) of the General Laws of Rhode Island ("GLRI") subject to the jurisdiction of the Rhode Island Public Utilities Commission ("the Commission") under Title 39 of the GLRI specifically including , without limitation, Sections 39-1-3 and 39-1-27.3 of the GLRI and

also subject to the administrative, investigative and enforcement powers of the Division of Public Utilities and Carriers (the "Division") under Title 39 of the GLRI specifically including , without limitation, Section 39-1-3 and Section 39-4 in whole.

2. RIPURRA is an incorporated non-profit Rhode Island association consisting of over (25) individual qualified electors of the State of Rhode island as also defined by Section 39-4-3 of the GLRI and are historic and present customers of National Grid (see attached Exhibit A - "Partial Membership List of RIPURRA.") .

APPLICABLE HISTORY AND FACTS

3. Following filing, notice and hearings, the Commission by order No. 18509 in Docket 3706 allowed and authorized National Grid's retail Standard Offer Service Rate ("SOS") to rise from 8.2 cents per kilowatt hour ("kwh") to 10 cents per kwh, an effective 21.95 % increase to the SOS customers of National Grid. As set forth in such order, the SOS rate increase was based almost in whole upon findings of increased fuel prices as well as projected increases in future oil and natural gas prices incurred by the various wholesale power suppliers of National Grid commencing as early as July of 2005 and passed on as a contracted cost to such distribution Company. See Docket 3689, Order 18474, pages 27-29. Such authorized SOS rate increase of the Commission in Order 18474 was also established upon a finding that National Grid would be generating a substantial under collection of rate revenues in the range of 18.9 to 21.3 million dollars if the petitioned increase to 10 cents per kwh were not allowed . Docket 3689, Order 18474, page 26.

4. Testimony of National Grid expert witnesses concerning the asserted fuel cost increases and projected future increases dovetailed and incorporated the fuel cost

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testimony set forth in Commission Docket 3689 under which National Grid attempted to double its filed and noticed SOS requested rate increase in large part upon claimed dramatic fuel cost increases relating to the impact of Hurricane Katrina on the fuel supply market. Although the Commission majority did not approve National Grid's amended fuel cost based SOS rate increase request it foresaw revisiting such issue in the course of National Grid's annual reconciliation filing, that is Docket 3706. See Docket 3689, Order (18474) at page 27.

5. On March 31, 2006 National Grid, in contrast to the assertions and representations set forth in Dockets 3706 and 3689, filed a request pursuant to the requirements of Section 39-3-11 of the General Laws of Rhode Island to reduce its current SOS rate of 10.0 cents per kwh to 9.4 cents per kwh. Such reduction, was to take effect on May 1, 2006, was based on "...lower natural gas and oil prices following a relatively mild winter" as well as projected lower and more stable fuel price increases than projections set forth in Dockets 3706 and 3689. See Attached Exhibit B - Letter Package dated March 31, 2006 from National Grid to commission Clerk Luly Massaro, pages 1 to 3 and Attachment 3.

6. Neither the Commission nor the Division of Public Utilities and Carriers (the "Division") took action on the proposed National Grid SOS rate reduction filing (the "Rate Reduction Proposal") and all applicable public records indicate no administrative notice was made to the said filing for a period of at least (3) weeks. Relatedly, although noticed to the Proposed Rate Reduction via the service list of Docket 3706, the RI Office of Attorney General ("the RI Attorney General") failed at any time to intervene, submit a motion in support of Rate Reduction Proposal or initiate any action with respect to the pending filing.

7. On April 21, 2006 National Grid submitted a second filing package relating to the Proposed Rate Reduction revising the Company's original proposed SOS rate decrease to the tariff level of 9.7 cents per kwh - an effective .3 cent per kwh upward adjustment from the original March 31, 2006 filing. See Attached Exhibit C Summary Letter Dated April 21, 2006 from National Grid to Commission Clerk Luly E. Massaro. Such adjustment to the Rate Reduction Proposal was noted by National Grid to be based upon the contention that , during the three week period following the proposed SOS tariff reduction, "...oil prices ha[d] risen dramatically, reaching historically high levels." Based on such revised projections , National Grid related that its estimated future over collections would drop to \$14.6 million dollars as opposed to its original \$31.9 million dollar over collection assessment set forth on March 31st . See Page 1, Summary Letter of April 21, 2006. The second rate reduction filing (the "Revised Rate Reduction Proposal ") , like the previous Company rate reduction petition, also contained lower projected fuel cost increases than set forth in Dockets 3706 and 3689 as well as a foreseeable over collection of SOS revenues which contrasted the Company's previous assertion of substantial revenue under collections in the noted rate review Dockets. National Grid 's Revised Rate Reduction Proposal also requested an effective date to ratepayers of May 1, 2006.

8. On April 25, 2006 , in less than (4) days following the submission of National Grid's Revised Rate Reduction Proposal, the Division submitted an in-depth position memorandum to the Commission analyzing both SOS rate reduction filings of National Grid while urging the Commission to defer any approval action on the revised Rate Reduction Proposal . Such recommendation was based on the Division own internal long range SOS rate calculations for National Grid based on an internal analysis and application of the

Company's submitted fuel price projections as of April 21, 2006. See Exhibit D - (3) Page Memorandum dated April 25, 2006 from Division Chief Accountant Stephen Scialabba and Division Rate Analyst D.R. Sterns to Commission Clerk Lulu Massaro. Using the same data as National Grid, the Division projected a substantially lower 2006 annual revenue overrecovery of \$300,000 rather than the revised April 21st 14.6 million dollar overrecovery estimate of the Company. The Division's Memorandum of April 24, 2006 (the "Division Memorandum") failed to include specific expert testimony, assumptions or empirical data deviations which might have been employed to support its pessimistic Memorandum conclusions nor did it include any independent fuel cost data to serve as an objective basis to support its conclusions and projections. The Division clearly invoked a policy of promoting rate "price stability" over cost based electric rates in stating :

"...[I]f price stability is the objective, then a prudent course of action may be to defer any action on the standard price offer at this time and continue to monitor the fuel markets and their effect on the underlying cost to serve the standard offer customer base. Another month or so of market information would be helpful in assessing what type of rate effects might occur in 2007 from a price reduction in 2006."

Division Memorandum at page 3. [emphasis added]

9. Although the National Grid Rate Reduction Proposal was assigned a formal docket number by the Commission Clerk, the filing was not accorded the statutory notice and hearing standards historically adhered to by either the Commission or Division as required by Sections 39-3-10 and 39-3-11 of the GLRI. Such administrative variation sharply contrasted with both the Division's and Commission's treatment of National Grid's proposal for SOS rate increases based on fuel costs incorporated in Docket 3706. The public dissemination of the filings and proposed rate consequences contained in Docket 3739 was

narrowly limited to the distribution of information pursuant to the service list of Docket 3706. The only public advocate provided with direct notice of the developing Docket filings, the RI Attorney General failed to offer action or comment on the Division's recommendation not to allow the proposed rate reduction.

10. On April 26, 2006 the Commission, in the course of its weekly open meeting and staff conference, adopted the Division's conclusions and recommendations set forth in the Division's Memorandum and suspended National Grid's pending Rate Reduction Proposal until May 21, 2006 while requiring the Company to update "energy prices" on or by such date. No public record indicates that any member of the public, any National Grid ratepayer or the RI Attorney General appeared at the April 26 open meeting to speak for or against the Rate Reduction Proposal or challenge any assumption, statement or conclusion contained within the Division's Memorandum.

11. On May 31, 2006 National Grid submitted a third filing in Docket 3739 in the form of a formal motion to withdraw all former proposed SOS rate reductions. See attached Exhibit E - Filing Package Dated May 31, 2006 From National Grid to Commission Clerk Luly Massaro (the "Withdrawal Motion"). The Company based its Withdrawal Motion not on substantiated changes in fuel costs or fuel cost market but on:

- a) an assertion that the Company's current April 30, 2006 actual revenue overrecovery of \$6.3 million was below the Commission's historic trigger level for SOS rate changes;
- b) a stated difficulty in projecting volatile fuel prices under current market conditions; and
- c) an expressed concern that the nation's upcoming "hurricane season" will have a negative impact on natural gas and oil prices.

Withdrawal Motion at Pages 1-2.

The Withdrawal Motion clearly adopted the "wait and see" philosophy of both the Division and Commission by maintaining the current 10.0 cents per kwh SOS rate while pledging to continue to monitor fuel prices and , "...continue to consult with the Division of Public Utilities and carriers to determine the appropriate timing of any future rate adjustment." Withdrawal Motion at Page 2. At note point in the text of its filing did National Grid address the treatment of its ever growing rate revenue overrecovery which was reported to have reached the substantial level of \$48.4 million dollars as of May 31, 2006. Withdrawal Motion also at page 2. Similarly, the Motion filing is devoid of any conclusions relating to the legal requirement to maintain cost based rates and to protect Rhode Island ratepayers from unreasonable, arbitrary or excessive utility rates.

ISSUES AND RELEVANT LAW

A. THE PROCEDURAL AND ADMINISTRATIVE TREATMENT OF NATIONAL GRID'S RATE REDUCTION PROPOSALS AS FILED AND CONTAINED WITHIN DOCKET 3739 VIOLATED STATE LAW, THE DUE PROCESS RIGHTS OF THE RATEPAYERS AND PROHIBITED THE RATEPAYER FROM LEGALLY PARTICIPATING IN A UTILITY RATE PROCEEDING AS A PARTY TO PROTECT ITS RIGHTS AND INTERESTS

12. Despite the reforms and impact of Rhode Island's Utility Restructuring Act of 1996 [Public Law 1996, ch 316 Section 1 et al - hereinafter the "URA",] the administrative and quasi judicial powers and responsibilities of the Commission have remained clear and constant. Specifically existing law :

- a) establishes the Public Utility Commission as the sole decision making authority on all questions of utility rate structure, establishment and compliance . Narragansett Electric Company v. Public Utilities Commission , 773 A.2d 237 (2001); Sections 39-1 3 and 39-3-11 of the GLRI;

- b) requires the Commission to address every rate change proposal in a strict and uniform quasi judicial manner requiring hearings in all utility rate filings as well as adequate and effective notice. GLRI Section 39-3-11 (a) , In re Hi-Speed Ferry, LLC , 852 A. 2d 824 (2002);
- c) allows participation in utility rate hearings by parties that could be "aggrieved" by the order or ruling in any such case . GLRI Section 39-5-1; In re New England Gas Co., 842 A. 2d 545 (2004);
- d) prohibits the Commission from acting illegally, arbitrarily or unreasonably in establishing findings or issuing decisions with respect to utility rates. Section 39-5-3 GLRI; Providence Water Supply Board v. Public Utilities Commission, 708 A.2d 537 (1998); and
- e) mandates the Division to serve the Commission in bringing forth all relevant evidence, facts and arguments to aid the Commission in reaching a just result in the course of utility rate hearings. Providence Gas v. Burke, 419 A. 2d 263 (1980)

13. The record and applicable facts at hand clearly establish that, for reasons unknown , both the Commission and Division abandoned almost all legal requirements relating to utility rate change filing with respect to National Grid's Rate Reduction Proposal as set forth in Docket 3739. Without limitation the Commission failed to publicly notice the Company's rate reduction filing prior to April 21, 2006 and at all times thereafter, failed to schedule and hold hearings pursuant to Section 39-3-11 of GLRI, took no action to review the impact of the Rate Reduction Proposal on those rates established under Docket 3706 and chose not to obtain any other independent or objective information before informally ruling not to allow National Grid's filed SOS rate reduction while relying exclusively on the "rate stability" policy of the Division.

14. The clear result of the Commission's noted failures to adhere to and enforce the above noted procedural and quasi-judicial requirements was to effectively leave the Ratepayer without notice upon which to challenge the Division's clear opposition to any rate reduction by National Grid while depriving it of a proper and legally requisite hearing forum from which the positions of National Grid might be reviewed or challenged and the rights of the Ratepayer would be protected. Relatedly, it is clear that under any legal standard of party standing, the Ratepayer would have been allowed to participate in any and all hearings held in Docket 3739 as either a legally qualified intervener or an aggrieved party .

15. In addition to the above highlighted procedural and fact finding shortfalls , the Ratepayer would submit that the Commission has actually left National Grid's rate reduction pending and still subject to administrative hearing and review by failing to issue an order granting the Company's motion to withdraw its Rate Reduction Proposal as filed.

Accordingly pursuant to the facts as stated and applicable law the Ratepayers respectfully:

- A. Petitions and moves that the Commission by order and decision reopen Docket 3739 ; issue effective notice to the public and schedule hearings within (10) of such notice.
- B. Petitions and moves that the Ratepayers be granted status as both an intervener and aggrieved party in said Docket 3739.
- C. Incorporate the data, record, and findings of Docket 3706 into Docket 3739.

- B. THE DIVISION UNDULY AND ILLEGALLY INFLUENCED THE TRAVEL AND TREATMENT OF NATIONAL GRID WITH RESPECT TO THE PROPOSED RATE REDUCTION PROPOSAL THUS DEPRIVING THE RATEPAYER OF ITS DUE PROCESS RIGHTS AND PROTECTION FROM THE APPLICATION OF ARBITRARY AND UNREASONABLE ELECTRIC RATES**

16. As noted above the Division's actions in reviewing National Grid's Proposed Rate Reduction as filed in Docket 3739 were at substantial variance with its legal directives and responsibilities and served to deprive the Ratepayer of its right to due process and participation in the utility rate review process. At minimum the decision to review the Rate Reduction Proposal of National Grid commencing after March 31, 2006 constituted an investigative act under Sections 39-4-3, 39-4-13 and 39-4-15 of the GLRI thereby invoking mandated hearing and notice requirements as specifically set forth in such provisions of law. Although the Division is free to take positions on rate making issues which may fly counter to the interests of ratepayers or the general public it is clearly required to present the Commission with an objective and accurate assessment of the material facts and issues relating to a proposed rate change. This position has best been set forth by the Rhode Island Supreme Court in holding:

"...[I]t is the function of the division to serve the commission in bringing to it all relevant evidence, facts and arguments that will lead the commission in its quasi-judicial capacity to reach a just result."

Providence Gas v. Burke , 419 A. 2d at 270.

In addition the Division as a state agency is subject to the requirements and responsibilities set forth in Rhode Island's Administrative Procedures Act ("RIAPA") including a clear prohibition against "ex parte" conversations with any participant in a pending administrative or regulatory matter without notice to all parties to such matter and an opportunity to be heard by the same. GLRI Section 45-35-13. Clearly the intent of such legal standards are to keep the influence of the Division over regulated utilities in check and always aired in a public forum.

17. In the case at hand it is crystal clear that the Division initiated a position in opposition to National Grid's Rate Reduction Proposal and enforced such position by direct or indirect communications with National Grid while waiving a flag of "price stability" before such utility . The avenue of communication was openly disclosed by National Grid in its Motion to Withdraw dated May 31, 2006.

18. Equally clear is the fact that the Division worked hard to keep any analysis of National Grid's Rate Reduction Proposal presented to the Commission "in-house" without the influence of any objective expert witnesses or data. The Division was determined not to let the facts get in the way of its position of rate stability at all costs and in such effort purported to effect a professional review of National Grid's fuel costs and fuel cost estimates to establish revenue overrecovery projections completely at odds with the Company although both parties employed the same data. At best the Division's actions and conclusions are questionable and without value, at worst they are illegal.

Accordingly pursuant to the facts as stated and applicable law the Ratepayer respectfully:

- A) Petitions and moves the Commission to conduct a complete review and investigation of the division with respect to its conduct and actions with respect to National Grid's Rate Reduction Proposal and all related matters tied to Docket 3739.
- B) Petitions and moves that the Division's Memorandum of April 25, 2006 be dismissed and excluded from the record of Docket 3739 in whole
- C) Petitions and moves that the Commission require the Division to retain and employ independent experts and data in the course of any further matters presented under Docket 3739.

C. THE RECORD AS SET FORTH IN DOCKET 3739 AS WELL AS CURRENT FUEL COST MARKET CONDITIONS SUPPORT AND REQUIRE THE COMMISSION TO ORDER A RATE REDUCTION AND REFUND TO SOS RATEPAYERS OF NATIONAL GRID BOTH ON AN IMMEDIATE INTERIM AND PERMANENT BASIS

19. The law is clear that the Commission is empowered to both reduce utility rates and authorize ratepayer refunds upon a finding of revenue overrecovery by a utility applying existing tariffed rates. Narragansett Electric Company v. Public Utilities Commission, 773 A. 2d 237 (2001). The exercise of such powers are mandatory under the Commission's general grant of authorization and have survived any revisions established by the URA. See Sections 39-1-27.3 and 39-3-11 of GLRI. In assessing the viability of a rate change the Commission may accept and obtain relevant information not otherwise presented by parties in contest during the course of a rate hearing so long as such information constitutes supportable legal evidence. Narragansett Electric Company v. Public Utilities Commission, 772 A 2d. at 240.

20. A review of the facts at hand support and require a decision by the Commission to reduce the SOS rates of National Grid currently being charged to the Ratepayer as well as all ratepayers of the Company. This position is strongly supported by all three filings submitted by National Grid in Docket 3739 and specifically underscored by the following :

- a) an actual rate revenue overrecovery of 48.4 million dollars set forth by National Grid in its Motion to Withdraw;
- b) a clear decline in projected fuel cost increases from those estimates set forth and relied upon in Docket 3706;

- c) actual drop in fuel costs to National Grid and its wholesalers by virtue of a "mild" 2005 winter.

Similarly, current fuel cost projections available from independent market reporters depict either declines or continuing stability in projected 2006 oil and natural gas costs as well as overall drops in the value of crude oil futures. See Attached Exhibit F - Compiled Public Fuel Cost Data and Information. Such material market changes in actual and projected fuel costs have led to utility rate reductions and rate reduction proposals in the northeast and across the nation. Also see Attached Exhibit G - Compiled Reports of Utility Rate Reductions and Rate Reduction Proposals .

21. Based upon the above facts the Ratepayer would submit that the Commission is required and empowered, without limitation, under Sections 39-1-27.3 , 39-3-11; 39-3-13; and 39-3-13.1 of the GLRI to order and effect an immediate reduction in the general SOS rate of National Grid at that minimum level requested by the Company's initial Rate Reduction Proposal on March 31, 2006, that is , 9.4 cents per kwh , as well as subject to a legal requirement to effect SOS rate refunds to the Ratepayer and all ratepayers of National Grid in an amount equal to the difference between that electric cost rate of 10.0 cents per kilowatt hour [the SOS tariff established under Docket 3706] and the initial reduced rate proposed by National Grid on March 31, 2006 [9.4 cents per kwh] for that period commencing on January 1, 2006 and ending upon the effective date of the required rate reduction as petitioned.

Accordingly pursuant to the facts as stated and applicable law the Ratepayer

respectfully:

- A) Petitions and moves the Commission to effect an immediate reduction of National Grid's SOS rate from 10.0 cents per kwh to 9.4 cents per kwh.

- B) Petitions and moves the Commission to order effect SOS rate refunds to the Ratepayer and all ratepayers of National Grid in an amount equal to the difference between that electric cost rate of 10.0 cents per kilowatt hour [the SOS tariff established under Docket 3706] and the initial 9.4 cent per kwh rate reduction proposed by National Grid on March 31, 2006 for that period commencing on January 1, 2006 and ending upon the effective date of the required rate reduction as petitioned.

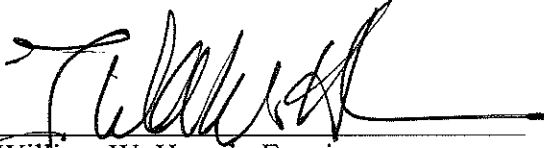
- C) Petitions and moves the Commission to order and effect additionally SOS rate refunds and reductions to the Ratepayer and all ratepayers of National Grid in a manner and in amounts justified by the actual SOS rate over recoveries established after holding proper and legal hearings as required and requested in the new petitioned Docket as filed.

Filed and submitted in original form supported by (9) copies this 6th

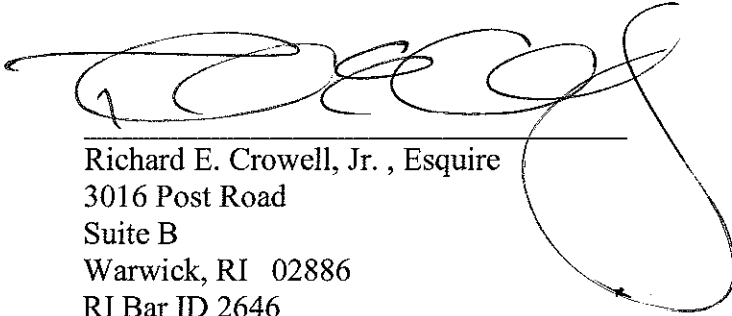
day of July, 2006.

THE RATEPAYER

By Its Attorneys,



J. William W. Harsch, Esquire
HARSCH LAW ASSOCIATES
170 Westminster Street
Suite 800
Providence, RI 02903
RI Bar ID 3688
(401) 454-4466



Richard E. Crowell, Jr., Esquire
3016 Post Road
Suite B
Warwick, RI 02886
RI Bar ID 2646
(401) 573-0984

CERTIFICATION

I hereby certify that a copy or copies of the above filing and referenced support materials have been hand delivered or sent via US mail , first class postage prepaid to the following parties:

Luly E. Massaro, Commission Clerk
RI PUBLIC UTILITIES COMMISSION
89 Jefferson Blvd.
Warwick RI 02889
[original and (9) copies]

Thomas F. Ahern, Administrator
RI DIVISION OF PUBLIC UTILITIES AND CARRIERS
89 Jefferson Blvd.
Warwick RI 02889

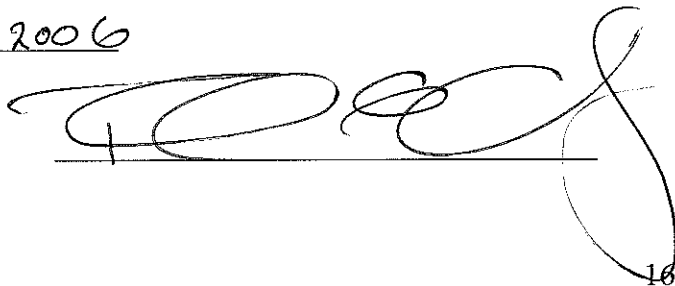
Laura Olton, Esquire
NARRAGANSETT ELECTRIC COMPANY d/b/a
NATIONAL GRID
280 Melrose Street
Providence, RI 02903

Thomas G. Robinson, Esquire
NARRAGANSETT ELECTRIC COMPANY d/b/a
NATIONAL GRID
280 Melrose Street
Providence, RI 02903

William Lueker, Esquire
DEPARTMENT OF THE RI ATTORNEY GENERAL
150 South Main Street
Providence, RI 02903

Paul Roberti, Esquire
DEPARTMENT OF THE RI ATTORNEY GENERAL
150 South Main Street
Providence, RI 02903

Dated: July 6, 2006



A large, stylized handwritten signature in black ink, appearing to read 'P. Roberti', is written over a horizontal line. The signature is highly cursive and loops around the line.

SCHEDULE OF EXHIBITS

- EXHIBIT A Partial Membership List of Members of The Rhode Island Public Utility Regulatory Reform Alliance ["RIPURRA"]
- EXHIBIT B Letter Package (excluding attached data exhibits) Dated March 31, 2006 filed by National Grid with RIPUC Commission Clerk Requesting May 1, 2006 SOS Rate Reduction Approval [3 pages]
- EXHIBIT C Letter Package (excluding attached data exhibits) Dated April 21, 2006 filed by National Grid with RIPUC Commission Clerk Requesting Lower May 1, 2006 SOS Rate Reduction Approval [3 pages]
- EXHIBIT D Memorandum Dated April 25, 2006 from Division Chief Accountant Stephen Scialabba and Division Rate Analyst D.R. Sterns to the RIPUC Recommending Denial of National Grid May 1, 2006 Rate Reduction Request [3 pages]
- EXHIBIT E Letter Package (excluding attached data exhibits) Dated April 21, 2006 filed by National Grid with RIPUC Commission Clerk Requesting Lower May 1, 2006 SOS Rate Reduction Approval [3 pages]
- EXHIBIT F Compiled Public Fuel Cost Data
- EXHIBIT G Compiled Publication Reports Utility Rate Reductions and Rate Reduction Proposals

EXHIBIT A

Membership List [Partial] Rhode Island Public Utility Regulatory Reform Alliance ("RIPURRA")

1. Ms. Joanne Fonseca, 1324 Phenix Ave, Cranston, RI
2. Ms. Barbara A. Tabak, 12 Gendron Street, West Warwick
3. Ms. Melissa A. Woodhouse, 43 Royer Street, Cranston
4. Mr. Paul Woodhouse, 43 Royer Street, Cranston
5. Ms. Aimee O'Donnell, 5 Bradley Court, West Warwick
6. Mr. Jeremy O'Donnell, 5 Bradley Court West Warwick
7. Mr. David Cerullo, 110 Greene Street, West Warwick
8. Ms. Margaret Cerullo, 110 Greene Street, West Warwick
9. Mr. Glenn Warfield, 49 West Street, West Warwick
10. Ms. Karen Warfield, 49 West Street, West Warwick
11. Mr. Christopher Boucher, 44 Bratt Lane, West Warwick
12. Ms. Rose Boucher, 44 Bratt Lane, West Warwick
13. Ms. Patricia Callaghan, 26 Centre Street, West Warwick
14. Mr. Frederick Gilchrist, 46 Meadow Drive, West Warwick
15. Ms. Catherine Gilchrist, 46 Meadow Drive, West Warwick
16. Mr. Raymond J. Sicard, 3 Moskalyk Street, West Warwick
17. Ms. Antoinette Sicard, 3 Moskalyk Street, West Warwick
18. Mr. Raymond McKay, 19 Bakers Creek Road, Warwick
19. Mr. David Gaipo, 580 Wakefield Street, West Warwick
20. Ms. Jacqueline Gaipo, 580 Wakefield St., West Warwick
21. Mr. Kevin Sweetland, 450 Providence St., West Warwick
22. Ms. Borivone Sweetland, 450 Providence St., W. Warwick
23. Mr. Robert DiCarlo, 8 Kent Street, West Warwick
24. Mr. James DeCesaris, 36 Fairview Ave, Cranston, RI
25. Ms. Marian Skelly, 36 Fairview Ave, Cranston, RI
26. Ms. Mia Caetano, 4158 Post Rd#6, E. Greenwich, RI
27. Mr. Peter Stelljes, 130 Holland Drive, Wakefield,
28. Mr. Harry L. Staley, P.O. Box 1141, Westerly, RI
29. Dr. Harvey Waxman, 73 Wright Lane, North Kingstown, RI
30. Mr. Robert Zeigler, 343 Thames St. Mill 103 Bristol, RI
31. Mr. Roy Pruett, 7 Grace Avenue#69, Coventry, RI 02816
32. Mr. David Fortier, 199 Howell St, Providence, RI 02906
33. Mr. John Carlevale, 640 Weaver Hill Rd, W. Greenwich
34. Mr. Robert Kieronski, 37 Catherine St, Newport, RI
35. Mr. James Archer, 10 Crestview Dr., Smithfield, RI
36. Ms. Cristina Pereira, 70 Andover St, N. Providence, RI
37. Mr. Keith Salisbury, 2344 Plainfield Pk, Johnston, RI
38. Mr. Chris Trainor, 8 Crestview Dr, Greenville, RI
39. Mr. Phil Hirons, 19 Lakeside Dr., Smithfield, RI
40. Mr. Charles Newton, 125 Bow St, East Greenwich, RI
41. Ms. AnnMarie Marshall, 10 High St, North Kingstown, RI
42. Mr. Alan Palazzo, 5 Robin Lane, West Warwick, RI
43. Ms. Patricia Hardiman, 27 Basil Crossing, Cranston, RI
44. Mr. Mark E. Tetreault, 7 Hummingbird Lane, Cranston, RI

March 31, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

EXHIBIT B

RE: Standard Offer Service Rate Filing

Dear Ms. Massaro:

Pursuant to R.I.G.L. §39-3-11 and Section 1.9 of the Rhode Island Public Utilities Commission's ("Commission") Rules of Practice and Procedure, The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") proposes a Standard Offer Service rate of 9.4¢ per kWh effective May 1, 2006, a decrease in the rate currently in effect of 10.0¢ per kWh by 0.6¢ per kWh. This represents a proposed decrease in the monthly bill of a typical residential customer using 500 kWh per month of \$3.12 or approximately 3.9%.

Because this is a decrease, the Company is requesting that the Commission allow the proposed rate decrease to go into effect on May 1, 2006 without an evidentiary hearing. The Company proposes to file updated information during the last week of April for the Commission's consideration shortly before the rate change is approved by the Commission.

The primary reason for the Company reducing the Standard Offer Service rate is lower natural gas and oil prices following a relatively mild winter. Fuel prices remain volatile, however, and the Company will continue to monitor fuel price trends and report monthly to the Commission.

In support of this request, the Company has included the following attachments to this letter:

- Attachment 1 - the calculation of the proposed Standard Offer Service rate;
- Attachment 2 - the projected Standard Offer Service reconciliation for the period October 2005 through December 2006 based upon the most recent estimates of natural gas and crude oil prices and the current Standard Offer Service rate of 10.0¢ per kWh;

- Attachment 3 - the calculation of the estimated fuel adjustment values based upon natural gas and crude oil prices as reported in the *Wall Street Journal* on March 27, 28 and 29, 2006;
- Attachment 4 - the projected Standard Offer Service reconciliation for the period October 2005 through December 2006 based upon the Company's proposed Standard Offer Service rate of 9.4¢ per kWh and the most recent estimate of fuel prices; -
- Attachment 5 - a revised Standard Offer Service tariff and a marked to show changes version; and
- Attachment 6 - typical bill impacts showing the effect of the proposed decrease on each of the Company's rate classes.

Analysis

Attachment 1 calculates the proposed Standard Offer Service rate based on the estimated Standard Offer Service costs over the period May 2006 through December 2006 and the estimated Standard Offer Service deliveries during the same period.

Attachment 2 presents the projected Standard Offer Service reconciliation through December 2006 based on actual revenue and expense for the period October 2005 through February 2006 and estimated revenues and expenses for the period March 2006 through December 2006. Page 1 of the attachment shows a projected over collection of approximately \$15.3 million by the end of September 2006, and an estimated over collection of approximately \$31.9 million by the end of December 2006 should the Standard Offer Service rate remain at 10.0¢ per kWh through the end of 2006.

Pages 2 and 3 of Attachment 2 support the calculation of the Company's estimated Standard Offer Service revenues and expenses, respectively. The methodology for determining the estimated revenues and expenses is consistent with that used in prior Company filings as well as the monthly Standard Offer Service reconciliation report submitted to the Commission.

Attachment 3 contains the calculation of the estimated monthly fuel index adjustment prices per kWh based on natural gas and crude oil prices as reported in the *Wall Street Journal* on March 27, 28 and 29, 2006. Pages 1 and 2 include the projections of natural gas and crude oil prices, respectively. Page 3 calculates the monthly weighted fuel index adjustments, which are the source to calculating the estimated fuel index expense indicated in Attachment 2, Page 3.

Attachment 4 adjusts the Standard Offer Service reconciliation presented in Attachment 2 by reflecting the proposed Standard Offer Service rate of 9.4¢ per kWh in place of the currently effective Standard Offer Service rate of 10.0¢ per kWh.

Luly Massaro, Commission Clerk
March 2006 Standard Offer Service Rate Filing
March 31, 2006
Page 3 of 3

As noted above, based on the proposed 9.4¢ per kWh Standard Offer Service rate commencing May 1, as reflected in the proposed tariff included in Attachment 5, a typical residential customer using 500 kWh per month would see a bill decrease of \$3.12 or approximately 3.9%. The bill impacts for all rate classes can be found in Attachment 6.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3706 Service List

April 21, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

EXHIBIT C

RE: Standard Offer Service Rate Filing - Update

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 updated Standard Offer Service Rate Filing. Based on fuel price estimates as reported in the *Wall Street Journal* on April 18, 19 and 20, 2006, the Company is requesting that the Commission approve a Standard Offer Service rate of 9.7¢ per kWh, effective for consumption on and after May 1, 2006, a 0.3¢ per kWh reduction from the Company's original proposal.

On March 31, 2006 the Company filed a proposed Standard Offer Service rate decrease from 10.0¢ per kWh to 9.4¢ per kWh effective May 1, 2006, based on natural gas and crude oil prices as reported in *The Wall Street Journal* on March 27, 28 and 29, 2006. In the three weeks since the Company submitted its original proposal, oil prices have risen dramatically, reaching historically high levels. The Company's projected Standard Offer over recovery based on current fuel price estimates is \$14.6 million by December 2006, down from a projected \$31.9 million in the Company's original filing. Many industry analysts are predicting even higher prices are possible in the coming months. Because of these recent developments in the fuel markets, the Company believes a more modest decrease in the rate is warranted.

For ease of reference, the Company's has updated all of the attachments included in the March 31 filing. They are as follows:

- Attachment 1 - the calculation of the proposed Standard Offer Service rate;
- Attachment 2 - the projected Standard Offer Service reconciliation for the period October 2005 through December 2006 based upon the most recent estimates of natural gas and crude oil prices and the current Standard Offer Service rate of 10.0¢ per kWh;

Luly Massaro, Commission Clerk
March 2006 Standard Offer Service Rate Filing
April 21, 2006
Page 2 of 2

- Attachment 3 - the calculation of the estimated fuel adjustment values based upon natural gas and crude oil prices as reported in the Wall Street Journal on April 18, 19 and 20, 2006;
- Attachment 4 - the projected Standard Offer Service reconciliation for the period October 2005 through December 2006 based upon the Company's proposed Standard Offer Service rate of 9.7¢ per kWh and the most recent estimate of fuel prices;
- Attachment 5 - a revised Standard Offer Service tariff and a marked to show changes version; and
- Attachment 6 - typical bill impacts showing the effect of the proposed decrease on each of the Company's rate classes.

Based on the proposed 9.7¢ per kWh Standard Offer Service rate commencing May 1, as reflected in the proposed tariff included in Attachment 5, a typical residential customer using 500 kWh per month would see a bill decrease of \$1.56 or approximately 1.9%. The bill impacts for all rate classes can be found in Attachment 6.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (508) 389-7634.

Very truly yours,



Ronald T. Gerwatowski

Enclosures

cc: Docket 3706 Service List
Steve Scialabba, Division

Memorandum

EXHIBIT D

To: L. Massaro

Commission Clerk

**From: D. R. Stearns, Rate Analyst, DPUC
Stephen Scialabba, Chief Accountant, DPUC**

Date: 4/25/2006

Re: Narragansett Standard Offer Filing: Docket 3739

On March 31, 2006 the Narragansett Electric Company d/b/a National Grid ("Narragansett", or "Company") submitted to the Commission a Standard Offer Rate Adjustment Filing ("Filing").

According to projections by the Company based on the then recent fuel price forecasts, maintaining the current standard offer rate of \$0.10 per kWh would result in an over collection of \$31.9 million at the end of December 2006. In explaining the projected over recovery, National Grid cited lower-than-previously-projected fuel costs resulting from the relatively mild winter. The Company went on to caution, however, that fuel prices remain volatile, and stated they will continue to monitor fuel price trends, reporting monthly to the Commission.

To mitigate the projected over recovery, National Grid proposed a reduction in the standard offer rate from the current \$0.10 per kWh to \$0.094 per kWh. The Company proposed that the standard offer rate reduction become effective May 1, 2006.

On April 21, Narragansett filed an update which reflected the increase in fuel prices which has occurred since the March 31 filing. Based on the update, the projected overrecovery has been reduced from the previous estimate of \$31.9 million to a revised \$14.6 million. Narragansett has revised its standard offer rate proposed for May 1 to \$0.097 per kWh. If approved, based on current futures prices for oil and natural gas, there would be an approximate \$300,000 overrecovery as of December 31, 2006.

The Division has performed some calculations in an attempt to determine the longer-range effects on rate stability of decreasing the standard offer rate to 9.7 cents per kWh. Rate stability has been a stated goal of the Commission. The Division has also advocated for pricing decisions that lead to more stable rates, especially when dealing with the residential and smaller commercial classes of customers.

First, using the Company's model, we ran a scenario on the assumption that the rate is reduced to \$0.097 effective May 1, 2006 to determine where the rate would have to be set in January 2007 to avoid large deferrals in 2007. To project a \$-0- balance at 12/31/07, the rate would have to go from \$0.097 to \$0.11, effective 1/1/07. To accomplish the same goal in two steps, the rate would go from \$0.097 to \$0.107 on 1/1/07, then to \$0.112 on 7/1/07.

We also modeled maintaining the rate at \$0.10 through 2006. To have a \$-0- balance at 12/31/07, a 12 month rate of \$0.107 would be required at 1/1/07. A two step phase in would require a rate of \$0.103 on 1/1/07 and \$0.111 on 7/1/07. Both these scenarios are based on the recent fuel price projections for oil and natural gas included with the Company's April 21 update. The scenarios are summarized below:

Assumption 1:

Reduce Rate to \$0.097 for May through December 2006:

12-month rate 2007 = \$0.11 effective 1/1/07

Step Rates 2007

Step 1 January through June = \$0.107 / kWh

Step 2 July through December = \$0.112 / kWh

Assumption 2:

Retain Rate of \$0.10 through December 2006:

12 month rate 2007 = \$0.107 effective 1/1/07

Step Rates 2007:

Step 1 January through June = \$0.103 / kWh

Step 2 July through December = \$0.111 / kWh

As stated, these scenarios are based on current futures prices for oil and gas. Reducing the rate to \$0.097 and keeping that rate in effect for an extended period would result in an underrecovery of \$34 million as of 6/30/07.

As mentioned, fuel markets have been volatile and prices have increased between the March 31 and April 21 standard offer filings. Comparing the "gas index" in each filing for the period May 2006 through December 2006 shows an increase in the average gas price for the period from \$8.27 to \$9.21, an increase of 11.4%. Comparing the January 2007 through December 2007 average "gas index" between the filings shows an increase from \$9.68 to \$ 10.59, an increase of 9.4%. Oil similarly has increased between the time of the two filings.

Based on the above analyses, assuming the current fuel prices remain at the levels in the April 21 filing, the pricing scenario which maintains the \$0.10 price is most in keeping with a policy of price stability for customers. While we say this we are also cognizant of the fact that a number of constituencies have asked for the electric rates to be reduced, and we are aware that the current fuel prices would justify a slight reduction in the standard offer rate, albeit for a relatively short period of time.

Based on the above information, if price stability is the objective, then a prudent course of action may be to defer any action on the standard offer price at this time and continue to monitor the fuel markets and their effect on the underlying cost to serve the standard offer customer base. Another month or so of market information would be helpful in assessing what type of rate effects might occur in 2007 from a price reduction in 2006.

cc: Docket service list

May 31, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

EXHIBIT E

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

RE: Docket 3739 – May 2006 Standard Offer Reconciliation Report and Request to Withdraw Standard Offer Rate Adjustment Filed March 31, 2006

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 April 2006. Based on this Report and the analysis below, the Company respectfully requests the withdrawal of its proposed Standard Offer Rate Adjustment filing submitted on March 31, 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 and expenses through April 2006. As noted in the Report, the actual deferral balance as of April 30, 2006 is an over recovery of \$6.3 million, substantially below the Commission's trigger for changing the rate. 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 May 23, 24, and 25, 2006. Based on the current fuel price estimates, the Company is estimating an over-collection of approximately \$24.9 million by the end of September 2006, which is slightly above the trigger of \$23 million. In addition, the Report reflects a projected over-collection of approximately \$48.4 million by the end of December 2006.

The volatility in fuel prices over the past several months has made it difficult to reliably estimate the year-end Standard Offer deferral balance, and thus difficult to determine the appropriate Standard Offer Service rate to charge customers. In the Company's March 31, 2006 filing, the estimated Standard Offer deferral balance as of December 2006 was an over recovery of \$38.6 million based on fuel prices at the end of March. In the three weeks following the filing, crude oil prices reached historically high levels and, in the Company's updated filing on April 21, 2006, the estimated year-end over recovery had dropped to under \$15 million. The table below shows the estimated deferral balance that was reported in some of the Company's reconciliation reports filed since the beginning of the year and further illustrates the effect of fluctuating fuel prices on the Company's projected Standard Offer reconciliation:

Luly E. Massaro, Commission Clerk
Docket 3739 – Standard Offer Reconciliation Report
May 31, 2006
Page 2 of 2

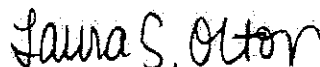
Date of Report	Estimated Deferral @ 12/31/06 (in millions)	Natural Gas and Crude Oil Futures Prices Trading Days
January 11, 2006	(\$25.7)	Dec 23, 27 & 28, 2005
February 13, 2006	(\$.9)	Jan 25, 26 & 27, 2006
March 31, 2006	\$31.9	Mar 27, 28 & 29, 2006
April 21, 2006	\$14.6	Apr 18, 19 & 20, 2006
May 31, 2006	\$48.4	May 23, 24 & 25, 2006

The Company believes that, given the difficulty of predicting the reconciliation balance with a reasonable degree of accuracy by more than two or three months, the best course of action at this time is to maintain a stable Standard Offer Service rate at the current level. We will continue to monitor fuel prices and their affect on both the projected and actual Standard Offer reconciliation balance. In addition, we will continue to consult with the Division of Public Utilities and Carriers to determine the appropriate timing of any future rate adjustment.

Moreover, we will soon be entering the hurricane season. As you may recall, last year two hurricanes substantially affected natural gas and oil prices. This provides another basis for not considering any rate adjustments at this time.

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,



Laura S. Olton

Enclosures

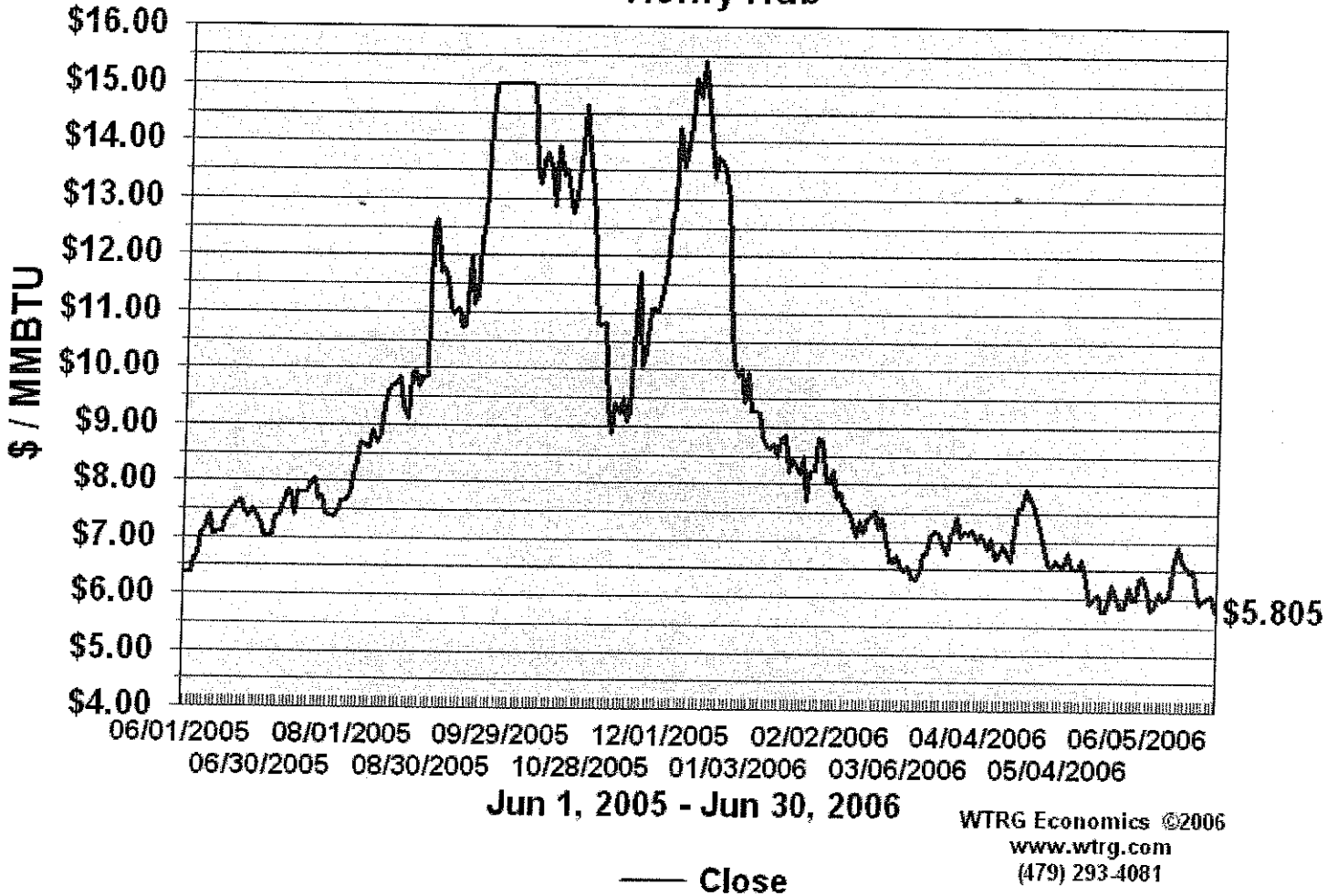
cc: Docket 3706 Service List
Steve Scialabba, RI Division

EXHIBIT F

Compiled Public Fuel Cost Data

1. Chart - "Natural Gas Spot Prices" Henry Hub
June 30, 2006
2. Chart - "NYMEX Crude Oil Futures Close"
June 19, 2006
3. Chart- "Unleaded Gasoline Spot - New York Harbor"
June 30, 2006
4. Chart- "Heating Oil Spot - New York Harbor"
June 30, 2006
5. News Article - "Dailies, Fowards Fell As NYMEX Weakened"
Megawatt Daily - December 15, 2005
6. News Article - "Lower Fuel Costs, Warm Weather Drop Dailies"
Megawatt Daily - December 22, 2005
7. News Article - "Dailies Fall On Weakened Spot Gas Prices"
Megawatt Daily - February 28, 2006
8. News Article - "Oil and Gas Production Gets Boost In Gulf"
Houston Chronicle - June 22, 2006
9. News Article - "Natural Gas Falls Amid Bearish Storage Number"
The Wall Street Journal - June 24, 2006
10. News Article- "US GAS: Soccer, Cool Summer Keep Gas Markets
Quiet" - Dow Jones & Company, Inc.

Natural Gas Spot Henry Hub

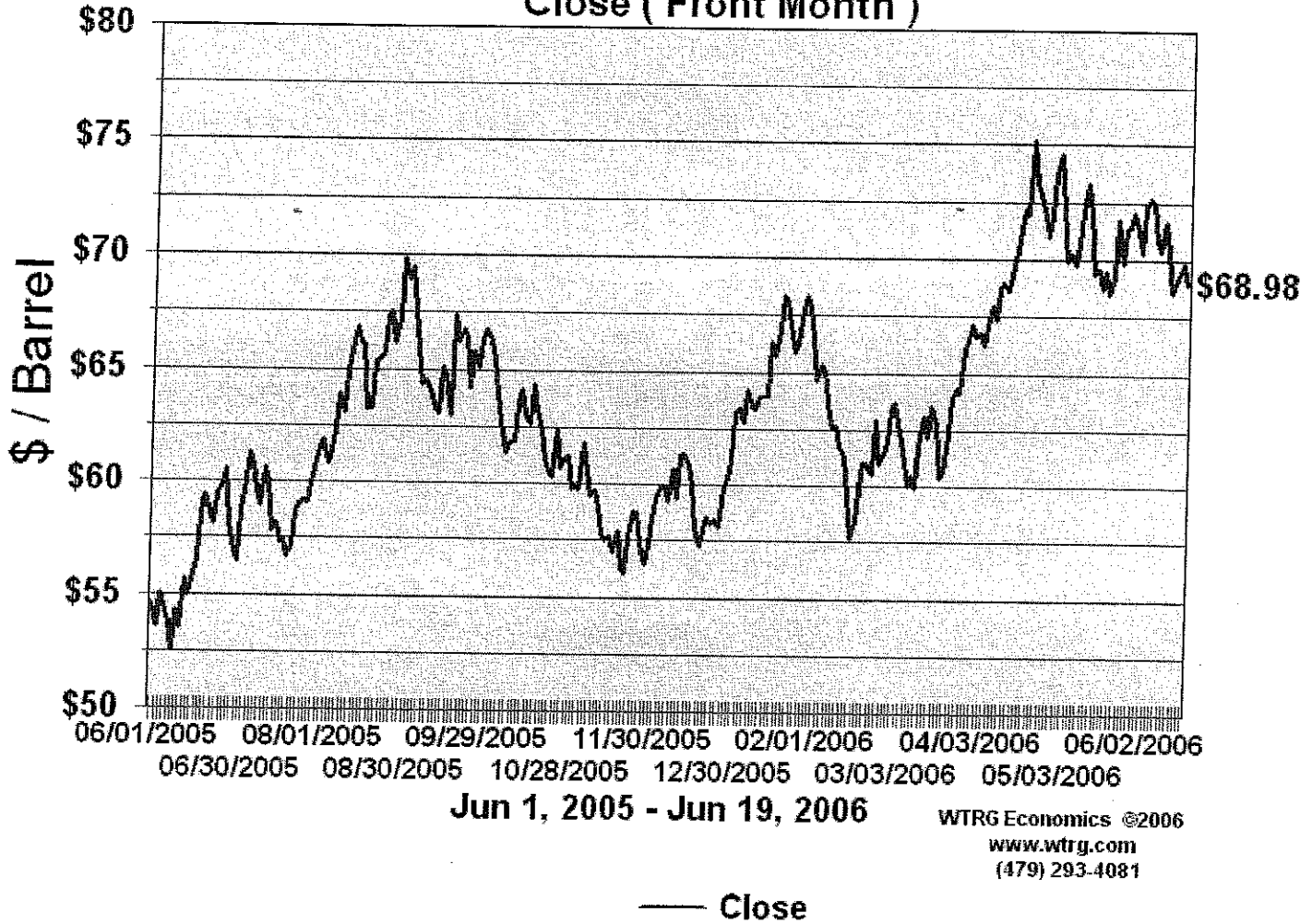


Jun 1, 2005 - Jun 30, 2006

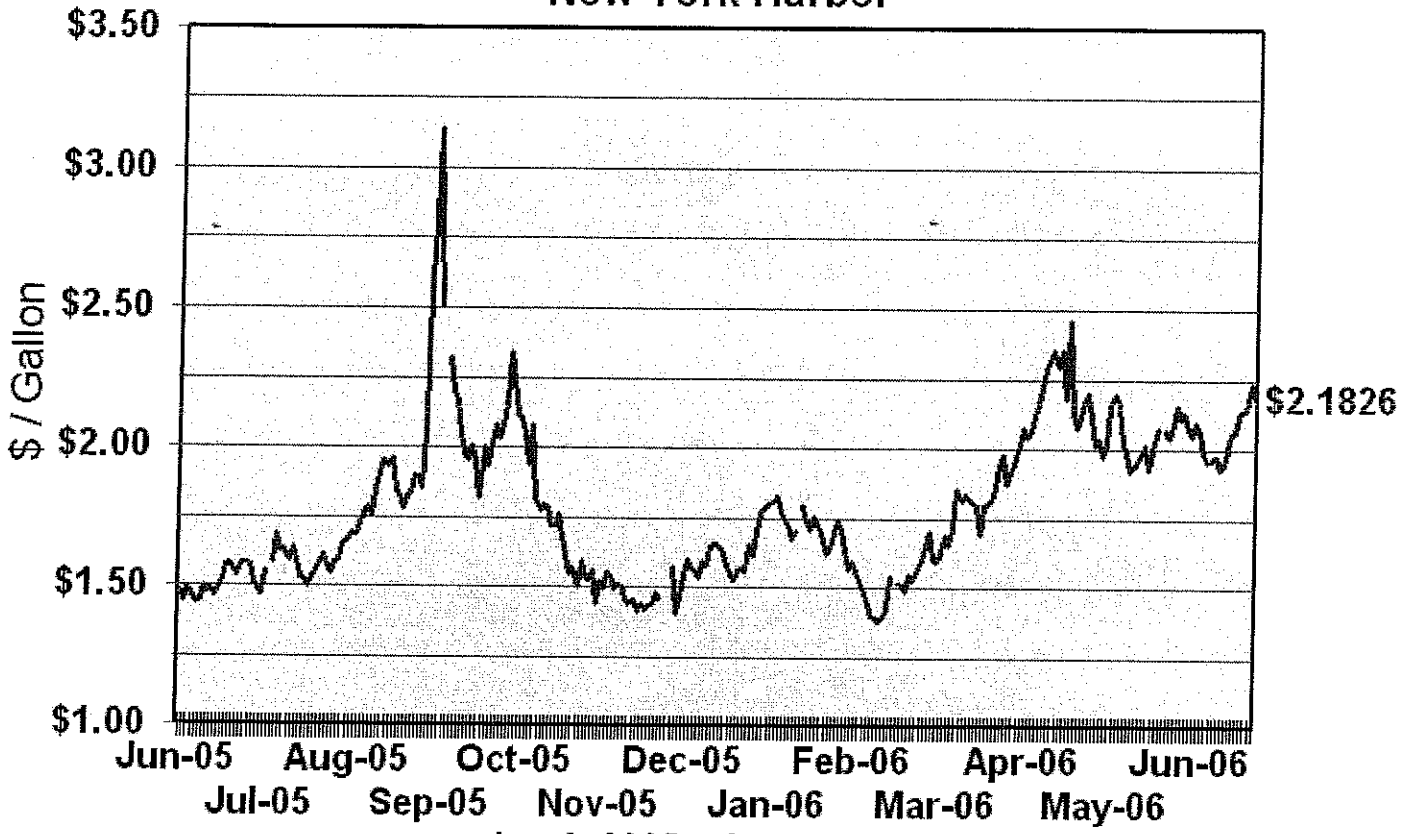
WTRG Economics ©2006
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(479) 293-4081

— Close

NYMEX Crude Oil Futures Close (Front Month)



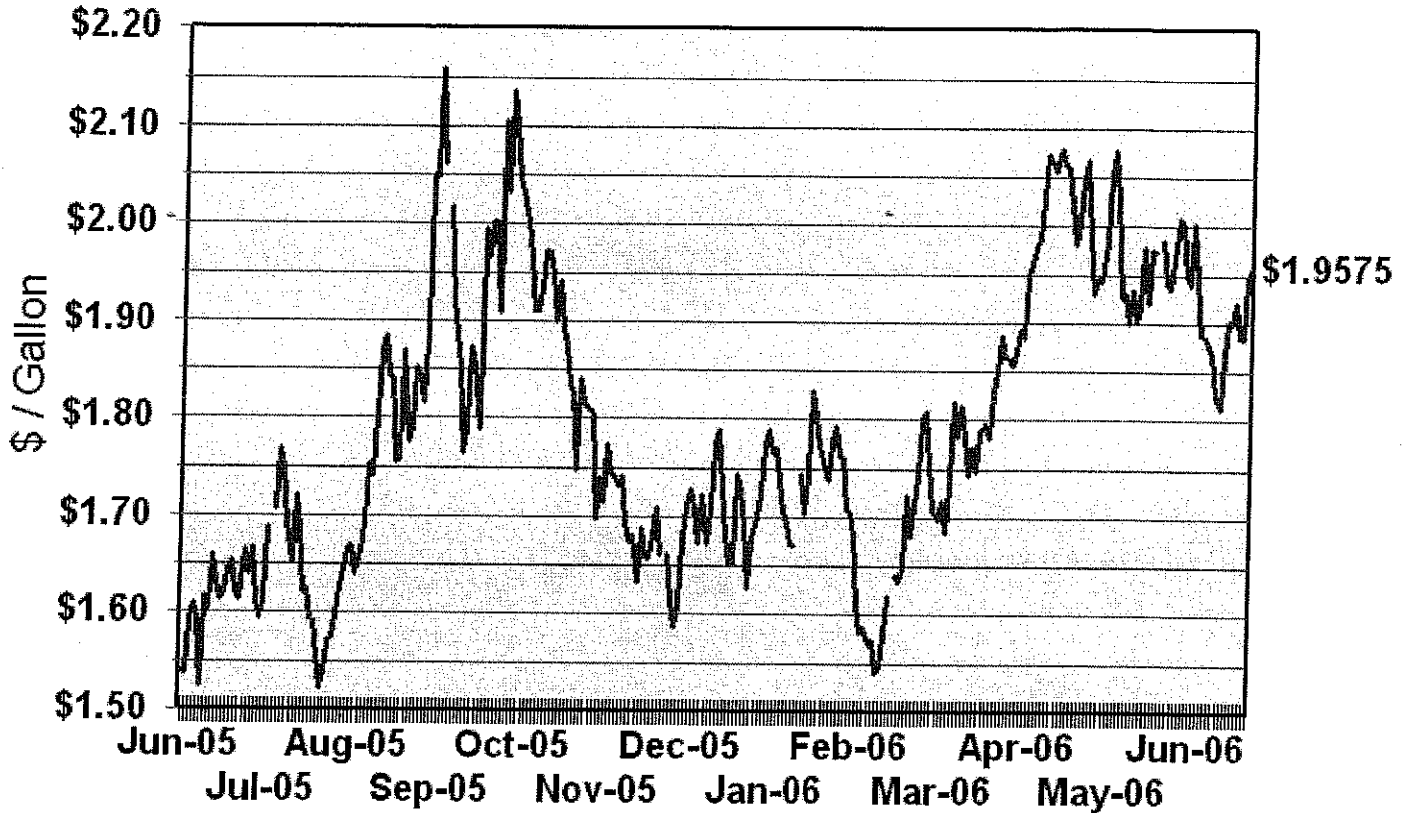
Unleaded Gasoline Spot New York Harbor



Jun 1, 2005 - Jun 30, 2006

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Heating Oil Spot New York Harbor



Jun 1, 2005 - Jun 30, 2006

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MARKET WRAP: EAST MARKETS

Dailies, forwards fell as NYMEX weakened

663 words
15 December 2005
Megawatt Daily
2
Volume 10, Number 240
English
Copyright 2005 McGraw-Hill, Inc.

Dailies in the East fell for Thursday flow when spot gas prices weakened. Forwards also fell as NYMEX natural gas contracts lost about 70 cents in the prompt month.

New England dailies softened for Thursday flow, trading near \$127/MWh. Off-peak climbed to \$104.50/MWh. Falling spot gas prices throughout the country and forecasts calling for moderating temperatures helped push power prices lower. Spot gas at Tennessee, Zone 6 delivered, a daily gas price point from which gas flows into Connecticut, Maine, Massachusetts and New Hampshire, traded mostly from \$15.70/MMBtu to \$16.50/MMBtu. Forecasts called for highs on Thursday to climb into the upper 20s. Boston was expected to hit the mid-30s. Next-week packages traded at \$132/MWh on expectations for colder weather.

New York temperatures were forecast 10 degrees below normal on average with highs near 30 and lows near 25. Despite the cold weather forecasts, prices in all zones fell \$7 on average as spot gas prices plunged over \$1. Zone J fell to \$135/MWh, Zone G to \$128/MWh and Zone A to \$105/MWh.

Spot gas prices across the Northeast came off hard Wednesday, with Transco zone 6-New York fell \$1.25 to near \$16.50/MMBtu.

In Zone A, balance of the week trades were done at \$113/MWh, Zone G next week was valued at \$131.50/MWh.

PJM West dailies traded near \$123/MWh for Thursday delivery, down \$5 as spot gas prices weakened. Off-peak traded at \$110/MWh, up almost \$5. Spot gas at Texas Eastern, M-3, a daily gas price point delivering gas into New Jersey and New York City, traded near \$16.20/MMBtu, down more than \$1. At the Dominion Hub, next-day packages shed several dollars to \$111/MWh as area temperatures were forecast to climb to the mid-30s, still well below seasonal norms.

Southeast dailies plunged behind lower fuel costs and despite colder weather. Southern Company dailies traded close to \$111.50/MWh, down \$7.50 from for-Wednesday prices. Transco Zone 3 spot gas prices dropped more than 50 cents to near \$15.13/MMBtu, likely helping to soften Southern dailies. Forecasts call for colder temperatures in the Atlanta area, with highs near 40 and overnight lows at 31.

In VACAR, peak trades for Thursday delivery traded at a slight premium to Southern, with deals averaging near \$112.50/MWh, down \$5 from the previous trading day.

In TVA, dailies plunged some \$25 to trade near \$105/MWh in sympathy with

losses in nearby regions. Forecasts for Nashville call for highs to remain in the mid-40s through the end of the week.

In Florida, peak trades were assessed lower, at \$125/MWh behind falling spot gas and with losses from nearby regions. Off-peak deals were assessed close to \$90/MWh.

Forwards in the east traded lower Wednesday as NYMEX natural gas contracts fell. In PJM West, winter fell \$5 to \$125/MWh. New England had the largest declines, falling \$10 to \$157/MWh in winter. New York winter took a \$7 hit in Zone J with the package settling at \$175/MWh. Zone A and G winter packages fell \$4 with Zone A settling at \$124.50/MWh and Zone G at \$144.85/MWh.

Ontario dailies fell to C\$118.50/MWh, a drop of C\$5 as Toronto temperatures were forecast to move up 7 degrees to near 33.

Real-time prices exceeded the pre-dispatch forecast Wednesday morning for hour ending 8. Prices jumped to C\$369.24/MWh, but then quickly fell to pre-dispatch levels. Peak demand was forecast at 24,500 MW for hours ending 19-20.

Forward deals fell as well with the decrease in NYMEX contract prices. Winter was off by C\$2, settling at C\$136/MWh. Summer lost a quarter at C\$123.50/MWh.

© 2006 Factiva, Dow Jones & Reuters

Lower fuel costs, warm weather drop dailies

456 words

22 December 2005

Megawatt Daily

3

Volume 10, Number 245

English

Copyright 2005 McGraw-Hill, Inc.

Dailies fell across the Midwest and Texas Wednesday, driven lower by weaker fuel costs and warmer weather. Forwards inched higher behind gains in NYMEX natural gas futures contracts.

In the Midwest, dailies eased significantly with cash gas as temperatures in the region were expected to move to above seasonal norms for this time of year. Spot gas at the Chicago City-gates traded in the upper \$12s/MMBtu, losing more than 50 cents day-to-day. At the Cinergy Hub, power prices fell nearly \$11 to around \$77.50/MWh for Thursday flow. Off-peak was assessed at \$44/MWh, down \$4.25. Temperatures on Thursday were forecast from the mid-30s in Detroit to the upper 40s in Louisville, Ky.

Michigan Hub dailies maintained a premium over Cinergy Hub deals, but still fell almost \$13 to \$82.65/MWh. Illinois Hub dailies were valued at \$74.60/MWh, down \$13.20. Minnesota Hub dailies were assessed at \$87.30/MWh, down almost \$16. Forecasts for Minneapolis called for highs near 40, 16 degrees above normal. Overnight lows were expected in the upper 20s, 20 degrees above normal. At the AEP Dayton Hub, trading was thin and priced at \$83/MWh for peak and at \$57/MWh for off-peak.

ERCOT dailies continued to fall Wednesday behind weaker fuel costs and an expected return to seasonal weather. Seller's Choice peak trades were done between \$81/MWh and \$82/MWh, settling near \$81.30/MWh, down almost \$7. North zone deals traded in the mid-\$80s/MWh, also losing around \$7 on average. Off-peak trades were mostly in the upper \$60s/MWh to about \$72/MWh, down almost \$8 on average. Spot gas prices fell more than 50 cents Wednesday, down to \$11.43/MMBtu in the Houston Ship Channel. Thursday forecasts called for more seasonal temperatures, with a high in the mid-60s in Houston and Dallas.

In Entergy, peak trades fell \$8.50, down to near \$93/MWh behind expectations of warmer weather and falling spot gas. Henry Hub spot gas prices slipped 22 cents to near \$13.56/MMBtu. Forecasts called for a high around 57 in Little Rock, and around 60 in New Orleans, near seasonal levels.

Forwards in the central regions gained as much as \$2.15 in the near months as NYMEX natural gas contracts traded nearly 20 cents higher. At the Cinergy Hub, the prompt month climbed \$2.15 to \$95.70/MWh. Northern Illinois Hub prompt month climbed \$1.35 to \$91.35/MWh. In ERCOT, January climbed \$1.35 to \$99.20/MWh. Entergy's prompt month also climbed \$1.35 to \$97.35/MWh.

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[Return to Headlines](#)

Dailies fall on weakened spot gas prices

682 words

28 February 2006

Megawatt Daily

2

Volume 11, Number 39

English

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Dailies for Tuesday flow in the East fell several dollars as spot gas prices softened, generation returned and temperatures began to moderate. Forwards fell as prompt month NYMEX natural gas contract price tumbled more than 50 cents.

New England Mass Hub dailies traded near \$80.50/MWh for Tuesday flow, down \$6.75 on softer spot gas and shifting weather. Spot gas fell 48.8 cents to \$8.903/MMBtu to \$9.90/MMBtu at Tennessee Zone 6, a daily gas price point at which gas flows into New England. Load was projected at 19,680 MW for Tuesday, down 330 MW. Loads were expected to gradually retreat to 18,100 MW by Friday. Dominion's 870-MW nuclear unit Millstone-2 in Waterford, Connecticut, was at 100% on Monday after going down Thursday.

New York dailies averaged a few dollars lower for Tuesday flow amid weaker spot gas prices and temperatures shifting to more moderate levels, though still unseasonably chilly. Zone A dailies traded near \$63.25/MWh. Zone G dailies were assessed at \$76/MWh and Zone J at \$89/MWh. Transco Zone 6 New York spot gas fell 84.2 cents day-to-day to \$8.295/MMBtu. Tuesday forecasts showed a high of 36 in New York City, 9 degrees below normal. Tuesday's load was projected at 22,119 MW, down 981 MW from Monday. Loads were expected to fall to 20,093 MW by Friday. Constellation Nuclear's 1,143-MW Nine Mile Point-2 nuclear unit in Lycoming was at 91% on Monday, coasting down to refuel.

PJM West dailies tumbled to the lower \$60s/MWh for Tuesday flow, down almost \$15 as temperatures began to moderate, generation units returned to service and spot gas prices fell. Exelon's 1,115-MW Limerick-2 nuclear plant was back at full power by Monday after exiting a maintenance outage for work to three safety relief valves. Texas Eastern M-3, a daily gas price point in central Pennsylvania from which gas flows into New Jersey and New York City, saw prices fall roughly 60 cents to the low \$8s/MWh. At PJM's Dominion Hub, dailies dropped more than \$12 to the upper \$60s/MWh as area temperatures were expected to climb to a seasonal 53 degrees on Tuesday.

Day-ahead prices in the Southeast power markets slipped Monday on warmer than expected weather and lower fuel costs. Into Southern power delivered Tuesday traded in the high \$40s/MWh. VACAR dailies for Tuesday flow gave back all of Friday's gains and ended Monday's session near \$50/MWh. TVA and Florida dailies followed suit moving sharply downward in Monday trading.

The spot gas market was under significant pressure Monday as unseasonably warm temperatures throughout the Southeast slashed heating-related gas demand. Spot gas at the Florida, zone 3 price point traded at \$7.20/MMBtu Monday, down 27 cents day-to-day.

Northeast forwards weakened behind tumbling NYMEX natural gas futures. The natural gas contract for the front-month April plummeted 52.4 cents to \$6.789/MMBtu amid moderating forecasts and strong gas storage. In New England, March was assessed at \$69.35/MWh, after trades in the low \$70s/MWh. In New York, March was assessed at \$56.50/MWh in Zone A, \$73.15/MWh in Zone G and \$84.50/MWh in Zone J. In PJM West, March fell to \$60.70/MWh, down \$3.80. April fell \$3.90 to \$59/MWh. Summer fell \$3.05, settling at \$81.85/MWh.

Ontario dailies traded at C\$57.50/MWh (US\$50.35) for Tuesday flow, down C\$12.50 with forecasts showing highs moderating up to 29 degrees in Toronto, several degrees below normal. Balance-of-the-week traded at C\$56/MWh with outlooks showing near-normal highs in the mid-30s for the week. Next week highs should average near 37, about normal. Ontario forwards fell a few dollars with March assessed down to C\$57/MWh.

Document MEGA000020060314e22s00005

Several amendments passed by a majority of the Commissioners require the company to:

- * Look at cutting unnecessary expenses such as "branding" related advertising, sports sponsorships as contracts come up for renewal, out-of-state travel and other discretionary expenses (Mayes and Spitzer amendments);
- * Cooperate with Commission staff to analyze off-system sales to see how off-system sales (sales of energy to other utilities) might be used to reduce costs for ratepayers (Mundell);
- * Explore the potential for automatic enrollment in low-income discount programs for customers who already receive public assistance like food stamps and Medicaid (Mundell);
- * More closely scrutinize and possibly eliminate bonuses and employee incentives in 2007 to see if that money could be better utilized to offset increased costs (Mayes);
- * Conduct a benchmarking study on the effectiveness of APS' natural gas purchasing and hedging practices to see how the company stacks up against its peer utilities (Mayes);
- * Continue exploring natural gas storage projects through which APS could buy bulk natural gas when the prices are lower and store it in underground caverns until it is needed (Mayes).

HTS nknk 060512-435429 NKUMAR

Document INDFED0020060512e2530011w

[Return to Headlines](#)

June 22, 2006, 5:18PM

Oil and Gas Production Gets Boost in Gulf

By ALAN SAYRE AP Business Writer
© 2006 The Associated Press

NEW ORLEANS — Over the past few weeks, petroleum operators repairing hurricane-damaged production platforms in the Gulf of Mexico have made substantial boosts in oil and natural gas coming from the region, a federal agency said.

As of this week, 12 percent of the Gulf's normal daily oil production was still blocked from market by platform shutdowns, compared with about 15 percent reported on June 5 and 21.6 percent on May 3, according to the Minerals Management Service, which manages federal offshore leases.

The MMS said 9.4 percent of the normal daily gas production was still blocked, down from 11 percent on June 5 and 13 percent on May 3.

Offshore companies have been repairing platforms and underwater pipeline systems since Hurricane Katrina hit on Aug. 29, followed by Hurricane Rita on Sept. 24, both of which plowed through heavily drilled sections of the Gulf.

The first storm of the current hurricane season — Tropical Storm Alberto — had little effect on the petroleum region.

Before the storms, the Gulf produced about 1.4 million barrels of oil and 10 billion cubic feet of gas daily.

Since Aug. 26, when Katrina first threatened the Gulf, 166.3 million barrels of oil have been blocked from market, 30.4 percent of the region's normal annual production of 574.5 million barrels, along with 803.6 billion cubic feet of gas, or 22 percent of the Gulf's normal annual production of 3.65 trillion cubic feet, the MMS said.



June 24, 2006

COMMODITIES

Natural Gas Falls Amid Bearish Storage Number

By CASSANDRA SWEET
June 24, 2006; Page B5

Natural-gas futures slid as traders lost hope that enough hot weather would materialize to create a significant spike in demand.

Most traders pointed to what they called a bearish number indicating the amount of natural gas injected into storage the week ended June 16. The U.S. Energy Information Administration reported 79 billion cubic feet of natural gas was put into storage that week, in line with expectations, but too high to make a big difference in a market already dealing with very high natural gas in storage.

"It really needed to be a smaller injection to really move this market upward," said Kent Bayazitoglu, a natural-gas trader with Gelber & Associates in Houston. The reason the market went up the previous week "was from a fear that there'd be a hot summer... Then, forecasters said we'd get some cooler weather and it popped the balloon."

July futures on the New York Mercantile Exchange fell 21.3 cents to settle at \$6.226 per million British thermal unit.

Some analysts think the market overreacted to weather patterns that on the surface, could be seen as bullish.

"This is a market with a bipolar disorder," said Tim Evans, an analyst with Citigroup in New York. "It's cooler than the prior week, but we've still got above-normal temperatures in the Western U.S. and New England. It's not really bearish. There's still some air-conditioning demand."

Mr. Evans also sees the 79-billion-cubic-feet gas-injection figure as something to support prices, as it's lower than last year's 95-billion-cubic-feet build and the 98-billion-cubic-feet five-year average. Still, total natural gas in underground storage is at 2,476 billion cubic feet, the highest ever for this time of year and 35% above the five-year average.

Analysts say the rate of injection into storage must slow or the nation will run out of room to store it. Traders are hoping for hot weather that will siphon off natural gas for electricity generation to fuel air conditioners that would otherwise be headed for storage.

Meanwhile, crude oil inched up. Futures for August delivery, the new front-month contract, rose 3 cents to \$70.87 a barrel, and up 67 cents on the week.



US GAS: Soccer, Cool Summer Keep Gas Markets Quiet

234 words

28 June 2006

03:34 pm GMT

Dow Jones Energy Service

English

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HOUSTON (Dow Jones)—Natural gas futures on the New York Mercantile Exchange barely moved in early trading Wednesday from Tuesday's close as the market remained wedged between high storage numbers and a rainy Northeast with low cooling demand.

In addition, the July futures contract was scheduled to expire Wednesday at 2:30 p.m. (EDT), leaving some traders searching for the scent of a rally.

"This is as quiet as we get," said Charlie Sanchez, a gas trader with Gelber & Associates in Houston. "Expiration day is usually much more volatile. The question I am asking myself now is, 'Is someone building a position?'"

"You may see a slight upward bias to \$6.20-\$6.25/MMBtu," Sanchez added.

Other traders have different ideas about why the market has been quiet the past couple of weeks, including today.

"Go into any trading room and tell me what you see," said the trader who asked not to be named. "Traders are watching the World Cup. They're not trading."

The last time natural gas prices moved above \$7.00/MMBtu was June 15th, almost two weeks ago.

At 11:32 a.m. EDT (1524 GMT) July futures were up 2.3 cents at \$6.13/MMBtu.

-By Jeanine Prezioso, Dow Jones Newswires; 713-547-9209; jeanine.prezioso@dowjones.com [06-28-06 1134ET]

28072

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EXHIBIT G

Compiled Publication Reports Utility Rate Reductions and Rate Reduction Proposals Based on Utility Fuel Cost Declines

1. News Brief "GP & L" Electric Bills To Decrease In March
February 9, 2006 - The Dallas Morning News
2. Press Release - Hingham Municipal Lighting Plant
"Hingham Light Announces Electric Rate Reduction"
March 6, 2006
3. News Article - "NStar Plans To Trim Rates"
May 25, 2006 - "Standard Times " (New Bedford)
4. Press Release - Madison Gas and Electric
"Electric Rates Reduced for Second Time This Year"
5. News Article - Foster Electric Report
"Some Utilities Seek Retail Rate Increases, While Others Look To
Cut Rates" - May 31, 2006
6. News Article - Power Market Today
"SMUD To Avoid Rate Hike Over Next Year"
June 14, 2006
7. News Article - Bloomberg Business News - AP
"OG & E To Reduce Customer's Fuel Costs"
June 23, 2006
8. News Article - The Wall Street Journal
"Entergy Mississippi To Cut Electricity Rates 12% in 3Q"
June 27, 2006

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METRO

NEWS BRIEF

90 words

9 February 2006

The Dallas Morning News

EAST

5B

English

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GP&L electric bills**to decrease in March**

Garland Power & Light customers can expect an approximate 7 percent reduction in their monthly electric bills starting in March. The Garland City Council has approved a decrease in the fuel cost factor component of the rate for electric service provided by GP&L because of a recent lower market price for natural gas. This reduction is possible because GP&L, a municipal utility, has not opted into deregulation and is eligible to **lower fuel costs**.

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FOR IMMEDIATE RELEASE

Hingham Light Announces Electric Rate Reduction

(New Rates to take effect on April 1)

(Hingham, MA, March 6, 2006) As Hingham consumers have been dealing with high energy costs this winter, Hingham Light has working to lessen the cost of electricity in the Town. The Hingham Municipal Light Board voted at their last Board meeting to approve a rate reduction for the 8,700 residential and 1,200 commercial electric customers in Hingham.

“We are able to provide our rate payers with some rate relief, during this time of rising energy costs, and that is a good thing”, said John A. Stoddard, Jr., Chairman of the Municipal Light Board.

A customer using an average of 500 kwh per month will save \$3.36 per month starting April 1, 2006 under the new rate structure approved by the Light Board. An HMLP customer will be paying \$66.99 per month compared to the surrounding investor-owned utilities customers using 500 kwh who are paying \$81.54 (National Grid), \$101.85 (NSTAR-Boston Edison) and \$104.41 (NSTAR-ComElectric), the Board was told during the rate structure presentation.

“We were able to negotiate and secure a power supply contract that was advantageous to our customers. This helps us stabilize our rates for the coming year, so we can pass those savings onto the customers, who have seen their energy bills rise since the Gulf Coast hurricanes last fall caused the energy market to increase to record levels”, commented John G. Tzimorangas, HMLP General Manager as he addressed the Board.

The Hingham Light commercial customers will also see a reduction in the energy portion of their bills of about 1.5% to 2.0% based on the new rate structure..

“The company reviews its power supply portfolio regularly to take advantage of decreasing markets whenever possible. The energy market has somewhat softened, with natural gas prices retreating from all time highs and there may be some opportunities to leverage this decrease into our energy mix and provide additional savings to the customers”, suggested Tzimorangas when asked about future power costs.

NStar plans to trim rates
Reduction will cut \$4 off monthly bill
By Nancy Cook, Standard-Times staff writer

The local electricity company NStar announced plans yesterday to cut its summer rates up to 7 percent for an average savings of roughly \$4 per customer per month, according to NStar spokesman Michael Durand.

But for proponents of renewable energy, the announcement left them cold. "The basic problem is that the rates are too subject to volatility as gas prices change," said Seth Kaplan, a senior attorney with the Conservation Law Foundation.

Electricity companies can change rates every six months with the approval of the Massachusetts Department of Telecommunications and Energy. If the agency approves the proposed rate decrease, the new NStar prices will go into effect July 1.

For New Bedford customers, the price will drop roughly 7 percent from \$0.1205 per kilowatt-hour to \$0.1067. Consumers who use an average of 500 kilowatt-hours per month will see their total bill drop from \$99.71 to \$95.95, NStar said.

Last year at this time, customers' average bill was \$80.04, Mr. Durand told The Standard-Times earlier this spring. Over the past year, electricity prices in general have surged by nearly 60 percent in the SouthCoast.

"It's impossible for all of us to do household budgeting when energy prices fluctuate," Mr. Kaplan said.

Mr. Durand attributed the proposed rate decrease to the global natural gas market and its slow return to normalcy following Hurricane Katrina, which wreaked havoc on the Gulf Coast's natural gas supply.

An energy advocate with the Massachusetts Public Interest Research Group, Frank Gorke believes the lower price also came as a result of a mild winter in which customers used less gas than expected, leaving more supply and subsequently driving down prices.

While no one disputed the benefits of saving a few extra dollars, consumer advocates thought the rate decrease spoke to larger issues involving the 1998 deregulation of the electricity supply industry. The deregulation was meant to give consumers a choice among multiple electricity company suppliers, with the idea that competition would reduce costs, Mr. Gorke said.

But in New Bedford, NStar is the only provider for residential customers, which leaves consumers "exposed to the whims of the market."

NStar would welcome more electricity suppliers, Mr. Durand said, but for now they're happy to offer the rate cut in time for people to fire up air conditioners.

"As the savings go up, the more you use, the more you save," he added.

Contact Nancy Cook at
ncook@s-t.com



Madison Gas and Electric

Madison, Wisconsin

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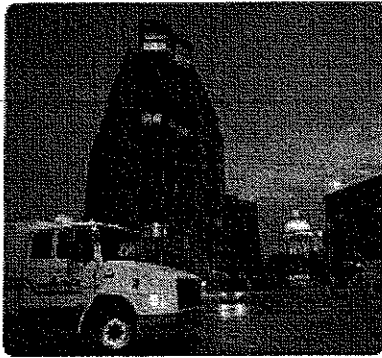
Electric rates reduced for second time this year

MGE reduced electric rates following approval from the Public Service Commission of Wisconsin. This is the second rate reduction this year.

A typical MGE residential customer who uses 600 kilowatt-hours will save \$2.72 per month. The new \$0.00454 per kilowatt-hour rate reduction went into effect on May 26, 2006.

- The electric rate reductions are due to lower-than-predicted prices for natural gas used to generate electricity. Natural gas prices have fallen considerably since the beginning of 2006.
- The Public Service Commission of Wisconsin will review MGE's rates and fuel costs again in September 2006. Rates may be adjusted—either up or down—depending on natural gas prices.
- Through the remainder of 2006, MGE's electric rates are subject to refund. If natural gas prices drop, customers will receive a refund based on actual fuel costs.

MGE generates and distributes electricity to nearly 136,000 customers in Dane County and purchases and distributes natural gas to more than 137,000 customers in seven south-central and western Wisconsin counties. MGE has served the Madison area since 1896.



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SOME UTILITIES SEEK RETAIL RATE INCREASES, WHILE OTHERS LOOK TO CUT RATES

1,081 words

31 May 2006

Foster Electric Report

PAGE 10

REPORT NO. 459

English

(c) 2006 Foster Associates, Inc.

In contrast to the dramatic rate increases some retail customers will be forced to endure this summer, several utilities recently asked their state commissions to approve rate decreases.

Citing **lower fuel costs**, NStar Electric on May 24 asked the Massachusetts Dept. of Telecommunication and Energy to approve an 11% cut in basic service rates for its residential and small business customers in Massachusetts, effective July 1. The proposal follows a much more dramatic rate decrease of nearly 50% for the utility's commercial and industrial customers.

Like many other utilities with retail access plans, NSTAR is required by a Massachusetts state law to use a competitive bidding process for purchasing electricity for its retail customers choosing basic service. However, its rates in Massachusetts are adjusted more frequently than those in other states, with the utility's residential rates adjusted every six months, and commercial and industrial rates adjusted every three months. Because business customers have far more competitive power supply options than homeowners, Massachusetts policymakers decided businesses should be more exposed to market price signals by having more frequent rate adjustments, while homeowners should be cushioned from price volatility through more stable rates.

Unlike the retail rates of many other utilities buying power at market rates, NSTAR's retail rates are going down, mostly due to **lower fuel costs** and the more frequent use of competitive auctions.

Although it currently operates under one brand name, NStar has separate rates for its former Boston Edison, Cambridge Electric, and Commonwealth Electric service areas for legal and regulatory reasons.

Under NSTAR's May 24 rate proposal, customers of the former Boston Edison Co. would see their power rates drop nearly 10%, from \$0.1266 to \$0.1144 per kWh. For customers of the former Cambridge Electric Co., the price will drop 11%, from \$0.1205 to \$0.1067 per kWh. Finally, customers of the former Commonwealth Electric Co. will see a price drop of nearly 7%, from \$0.1121 to \$0.1045 per kWh.

For homeowners, NSTAR said its proposal reflects a net drop in wholesale electric prices since rates were last set in mid-October. At that time, energy markets were still being rolled by the aftermath of Hurricane Katrina and Hurricane Rita, which ravaged Gulf Coast oil and natural gas supplies and sent prices skyrocketing. Natural gas prices plunged during the mild winter, but have climbed again in recent weeks. The price of natural gas heavily influences New England electric rates because about 40% of the region's electricity is generated by gas-fueled power plants.

Commercial and industrial customers reaped a huge dividend from the falling winter energy prices; NStar's electric rate fell in April by nearly half, to 9.2 cents per kilowatt-hour from 18.1 cents during the January-March period. Starting July 1, however, that rate will rise to 11.08 cents, an NStar spokeswoman told a local newspaper.

Idaho Power Co.'s retail electricity customers will also be seeing lower power prices this summer, thanks to a May 25 decision by the Idaho Public Utilities Commission. The commission approved a power cost adjustment (PCA) for the utility that will produce an average 14% rate decrease, effective June 1, reflecting high hydropower storage conditions in the region.

The PCA part of customers' monthly bills fluctuates each year, depending on annual streamflows for hydroelectric supplies and wholesale energy market conditions. A major factor in the downward rate adjustment is the fact that Snake River streamflows are 33% above their 30-year average, which is expected to drive Idaho Power's annual power costs down by \$123 million, according to the PUC. Some 90% of the savings will be credited to the utility's customers.

Combined with a recently approved 3.2% increase in base rates and the expiration of a 2.2% tax adjustment, residential customers will see a net reduction of about 14%, or nearly a penny/kWh, the PUC said. This will reduce the typical residential monthly bill from \$64.49 to \$55.44.

Decreases for Idaho Power's non-residential customers will be slightly larger -- 14.82% for commercial, 18% for irrigation, and 25.7% for industrial customers.

In contrast to these rate decreases, Puget Sound Energy recently asked Washington state regulators to approve a 5.9% electric rate increase, effective July 1, to cover increased costs of generation and purchased power.

Puget sought a 3.6% rate increase last November. In approving that increase, Washington state regulators directed the utility to make a filing in mid-May updating its estimated power costs for the last half of this year. The current filing provides those numbers. While the latest overall rate increase is slightly less than 6%, the typical residential electric utility customer's bill would rise by 7.6%, or about \$5.11/month, while larger users would see slightly lower increases. The utility attributed the bulk of the increase request to higher wholesale prices for natural gas.

Puget also has pending before the Washington Utilities and Transportation Commission a 9.2% generational rate increase request that was filed last February, to take effect on 1/1/07.

Central Vermont Public Service has also asked state regulators to approve a hike in its retail electricity rates. Unlike the rate adjustments requested by the other utilities, CVPS said its 6.15% increase is needed to cover its increased capital spending on transmission and distribution.

Under the proposed change, a residential customer using 500 kWh per month would see an increase from a bill of \$68.01 to \$72.18. CVPS President Bob Young said that, even with the increase, the utility's rate would remain the lowest in New England.

"CVPS' long-term power contracts with Hydro-Quebec and Vermont Yankee and our internal cost controls have protected our customers from the rate shock seen by customers in Vermont and the region, where double-digit rate increases have become common," Young said. "This request is for a fraction of the increases seen by many New England customers in recent months."

Due to its extensive efforts to control costs and hold down rates, as well as its stable long-term power contracts, CVPS said it has had just one rate increase in the past seven years, a 3.95% rate hike in 2001. CVPS' rates were reduced 2.75% in 2005, and rating agencies lowered the company's credit to junk bond status.

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SMUD to Avoid Rate Hike over Next Year

320 words

14 June 2006

Power Market Today

English

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Gearing up to absorb new customers in an annexation fight that goes to the ballot this November, the Sacramento Municipal Utility District (SMUD) last week reported in its 2005 annual report that it netted another \$83 million on \$1.23 billion in revenues last year, meaning that its management doesn't expect to have to raise rates before 2008.

General Manager Jan Schori reported that SMUD's natural gas price hedging strategy for long-term fuel purchases should allow the public sector utility to "hold the line" on rates for the next 18 months. "We expect to weather 2006 and 2007 with no rate increase," Schori said in the report, which noted the locally controlled utility grew its customer base by about 2% last year to 577,946 customers, making it the fifth largest municipal utility in the nation.

SMUD increased its electric rates 6% on average last year, its second boost over the past 15 years.

SMUD officials attributed last year's surplus of revenues to excess wholesale natural gas sales and surplus power sales. The excess gas sales generated \$114 million, compared with \$62 million in 2004. It sold the excess gas supplies in 2005 at higher prices because its new Cosumnes Power Plant was delayed. (It began operations earlier this month.) Power sales were \$50 million higher last year than in 2004.

The higher revenues were partially negated by what SMUD reported as higher administrative and general expenses, partly due to legal costs related to a long dispute over the construction of the Cosumnes plant. SMUD fired the general contractor last year and filed a lawsuit for damages totaling \$40 million; the construction firm, St. Louis-based Fru-Con Construction Corp., countersued SMUD, contending it was wrongly fired, blaming the utility and the design firm. SMUD officials maintain that the utility should prevail on most of the legal issues.

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BUSINESS

OG&E to reduce customer's fuel costs

Bloomberg, AP and Staff Reports

205 words

23 June 2006

Tulsa World

FINAL HOME EDITION

E2

English

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Oklahoma Gas and Electric will reduce the fuel costs it charges its Oklahoma electric customers, the utility announced Thursday.

The reduction from 1.76 cents to 0.22 cents per kilowatt-hour will result in savings of about \$22 per month for residential customers using 1,400 kilowatt hours of electricity monthly, according to the utility.

The reduction was prompted in large part by a significant decline in the price of natural gas, which is used in the generation of electric power, in recent months, and projected future natural gas prices for the remainder of 2006.

"Fuel is a major component of a monthly electric bill, and this is where the savings will occur," said OG&E spokesman Brian Alford.

"A second component, OG&E's **electric rates** -- which pay the cost of operating the electric system -- are not changing.

"Another factor is the amount of electricity each customer consumes, which can be controlled through a wide variety of energy-conservation measures that we encourage our customers to consider."

The reduction goes into effect in July.

The utility has nearly 750,000 customers in Oklahoma and western Arkansas.

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June 27, 2006 7:54 a.m. EDT

Entergy Mississippi To Cut Electricity Rates 12% In 3Q

DOW JONES NEWSWIRES
June 27, 2006 7:54 a.m.

JACKSON, Miss. (AP)--Entergy Mississippi says its customers will see a 12% reduction in rates during the July-through-September period.

The company said Tuesday the reduction was due to a decrease in the price of fuels such as natural gas and oil used to generate electricity. The third-quarter reduction follows a 5.5% decrease last quarter.

Last year, natural gas prices doubled, with prices pushing even higher when hurricanes Katrina and Rita damaged 75% of the natural gas wells in the Gulf of Mexico.

The utility said it responded to the increase by switching, when possible, from natural gas to less-expensive fuels to power its generating plants. The company said the move saved customers more than \$30 million in fuel costs last year.

Entergy Mississippi, a subsidiary of Entergy Corporation (ETR), provides electricity to more than 427,000 customers in 45 Mississippi counties.

URL for this article:
http://online.wsj.com/article/BT_CO_20060627_704509.html

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