

September 1, 2006

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PUBLIC UTILITIES COMMISSION

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Docket 3760 - Earnings Sharing Mechanism and Distribution Adjustment Charge Filing**

Dear Ms. Massaro:

In accordance with the provisions of the Distribution Adjustment Clause ("DAC") Tariff, RIPUC NG No. 101, Section 3, Schedule A, enclosed please find ten (10) copies of the pre-filed testimony of Sharon Partridge regarding the Company's earnings sharing for the period ended June 30, 2006. This filing also contains the supplemental testimony of Peter C. Czekanski, which updates the August 1, 2006 DAC filing to address the acquisition by National Grid of the assets and gas business of New England Gas Company in Rhode Island, as well as to incorporate the earnings sharing calculation. Mr. Czekanski's supplemental testimony proposes updated factors for effect November 1, 2006.

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

Very truly yours,

*Laura S. Olton*

Laura S. Olton

Enclosures

cc: Paul Roberti, Esq.  
Steve Scialabba  
Bruce Oliver  
David Effron

National Grid

Distribution Adjustment Clause,

Docket No. 3760

Direct Testimony and Attachments of  
Sharon Partridge

Supplemental Testimony and Attachments of  
Peter C. Czekanski

September 1, 2006

Submitted by:

national**grid**

National Grid  
RIPUC Docket No. 3760  
Sharon Partridge  
Direct Testimony

DIRECT TESTIMONY

OF

SHARON PARTRIDGE

September 1, 2006

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Sharon Partridge. My business address is 100 Weybosset Street,  
3 Providence, RI 02903.

4 Q. WHAT IS YOUR POSITION, PROFESSIONAL AND EDUCATIONAL  
5 BACKGROUND

6 A. I am Vice President Special Projects, Finance for National Grid. I have over 20 years  
7 experience in the gas utility industry in Rhode Island. I joined the New England  
8 Division of Southern Union Company (the "Company") as Vice President responsible  
9 for regulatory, finance and gas supply in 2001. Prior to joining Southern Union, I was  
10 Vice President, Chief Financial Officer and Secretary of Valley Resources, Inc. I have  
11 testified before the Rhode Island Public Utilities Commission on a variety of rate  
12 matters, gas adjustment filings and in several refund dockets. I graduated from Bryant  
13 College in 1978 with a Bachelor of Science degree in Business Administration and  
14 earned an MBA from Providence College in 1990.

15 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

16 A. In Docket 3401, Order No. 17381, the Commission investigated, modified and  
17 approved a base-rate settlement between the Division, The Energy Council of RI and  
18 the Company ("the Settlement Agreement") that requires the Company to file an  
19 earnings sharing calculation by September 1 of each year as part of an incentive-based

1 Earnings Sharing Mechanism (“ESM”). The purpose of my testimony is to calculate  
2 the earnings subject to the ESM for fiscal year (“FY”) ended June 30, 2006 and to  
3 support the adjustments to the FY2005 earnings sharing calculation in accordance with  
4 the modifications outlined by the Commission in Docket 3760 at the Open Meeting  
5 conducted on May 11, 2006 submitted to the Commission in a letter from the  
6 Company dated June 9, 2006.

7 **Q. ARE THERE ANY ATTACHMENTS TO YOUR TESTIMONY?**

8 **A.** Yes, I am sponsoring the following Attachments:

9 SP-1 Earnings Sharing Mechanism pursuant to Order No. 17971

10 SP-2 ADIT Calculation

11 SP-3 Letter from New England Gas Company to Rhode Island Public  
12 Utilities Commission dated June 9, 2006

13 SP-4 FERC Form No. 2 Annual Filing

14 **Q. PLEASE EXPLAIN WHAT HAS TRANSPIRED WITH THE ACQUISITION**  
15 **OF THE NEW ENGLAND GAS BUSINESS IN RHODE ISLAND BY**  
16 **NATIONAL GRID.**

17 **A.** On August 24, 2006, The Narragansett Electric Company, doing business as “National  
18 Grid” in Rhode Island (“National Grid”) acquired the assets and gas business of  
19 Southern Union Company in Rhode Island, doing business as New England Gas

1 Company. On that date, National Grid assumed the responsibilities for the regulated  
2 gas distribution business in Rhode Island, formerly operated by Southern Union  
3 Company under its division referred to as New England Gas. The acquisition was  
4 completed after the Division of Public Utilities and Carriers (“Division”) approved the  
5 transaction by order dated July 25, 2006, in Division Docket No. D-06-13. As a  
6 condition to the Division’s approval, National Grid agreed to honor the existing rate  
7 plan agreement of New England Gas until a new rate plan is put in place. The  
8 Division also accepted all of the tariffs of New England Gas as the tariffs of National  
9 Grid.

10 **Q. DOES THE TRANSACTION AFFECT THIS FILING?**

11 **A.** No. Because National Grid has assumed the tariffs and has agreed to honor the  
12 existing rate plan, the regulatory filings that were previously required of New England  
13 Gas Company under Southern Union ownership are now simply being filed and  
14 implemented by National Grid. Thus, the organizational change has no impact on the  
15 Commission’s consideration of this filing.

16 **Q. ARE ELECTRIC AND GAS RATE ACCOUNTING COMBINED AS A**  
17 **RESULT OF THE ACQUISITION?**

18 **A.** No. While National Grid is one corporation under the legal name of The Narragansett  
19 Electric Company in Rhode Island, and will eventually operate under a single  
20 corporate identity, the gas and electric operations from a regulatory accounting and  
21 rate perspective will be treated separately. As such, there will be a separate set of

1 regulatory accounting books tracking the electric and gas businesses separately,  
2 including separate cost of services for regulatory earnings purposes. Thus, from a  
3 rate perspective, the Commission will regulate the rates and tariffs of the gas and  
4 electric business separately. For that reason as well, the acquisition has no impact on  
5 this filing.

6 **Q. HAS THE COMPANY CALCULATED THE RETURN ON EQUITY FOR THE**  
7 **FISCAL YEAR ENDED JUNE 30,2006.**

8 **A.** Yes. The Settlement Agreement requires the earnings to be calculated each year based  
9 on financial results for the 12-month period ending June 30 (Section II.F.1). The  
10 determination of earnings subject to the ESM is based on a benchmark return on  
11 equity of 11.25 percent, excluding the Company's portion of non-firm margins  
12 (Section II.F.5). The earnings-sharing formula requires that any annual earnings over  
13 an 11.25 percent return on equity, up to and including 100 basis points (12.25  
14 percent), will be shared 50 percent to customers and 50 percent to the Company. Any  
15 earnings in excess of a 12.25 percent return on equity will be shared 75 percent to  
16 customers and 25 percent to the Company.

17 As discussed below, the Company calculated a return on equity for the period ending  
18 June 30, 2006 of 4.34% percent (Attachment SP-1, at page 1 of 10). Based on this  
19 return, the Company did not exceed the 11.25% threshold to calculate an Earnings  
20 Sharing amount.

1 **Q. PLEASE IDENTIFY THE PRIMARY REASONS FOR THE DECREASE IN**  
2 **EARNINGS AVAILABLE FOR COMMON EQUITY FROM THE PRIOR**  
3 **YEAR.**

4 A. The combination of warmer weather and decreased use per customer were the primary  
5 reasons for the decrease in earnings when compared to the prior year. Fiscal 2006 was  
6 9.4% warmer than the prior year, this coupled with high prices and customer  
7 conservation, resulted in a decrease in base revenues from firm sales customers of  
8 approximately \$5.8 million. Additionally, there was an increase in uncollectible and  
9 depreciation expenses.

10 **Q. HOW DID THE COMPANY CALCULATE THE RETURN ON EQUITY FOR**  
11 **PURPOSES OF THE ESM?**

12 A. The Settlement Agreement states that the return on equity will be calculated by  
13 dividing the net income available for common equity by the common equity  
14 applicable to rate base (Section II.F.1).

15 **Q. PLEASE EXPLAIN THE CALCULATION OF NET INCOME AVAILABLE**  
16 **FOR COMMON EQUITY FOR PURPOSES OF THE ESM.**

17 A. In accordance with the Settlement Agreement and Order No. 17971, the Company  
18 calculated net income available for common equity based on operating income for the  
19 twelve months ended June 30, 2006, less applicable interest and preferred dividends



1 and adjusted to reflect established Commission ratemaking principles, including the  
2 impact of the Weather Normalization Clause (Section II.F.1).

3 The Company's calculation of net income available for common equity is set forth in  
4 Attachment SP-1, at page 2. As shown, for the period ending June 30, 2006, the  
5 Company calculated net income available for common equity of \$4,763,627.

6 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS TO OPERATING**  
7 **REVENUES, EXPENSES AND/OR INTEREST CHARGES?**

8 **A.** Yes. The Company made the following adjustments to Operating Revenues, Expenses  
9 and/or Interest Charges:

10 (1) The Weather Normalization Clause requires the Company to return to or  
11 receive from customers an amount sufficient to provide the Company with  
12 normal weather margins around a 2 percent deadband. In fiscal 2006, winter  
13 weather was warmer than normal, resulting in \$927,000 of margins to be  
14 collected from customers through the DAC (Testimony of Witness Czekanski,  
15 at page 10), which has the effect of increasing operating income for purposes  
16 of the earnings-sharing calculation. Accordingly, the Operating Revenues  
17 reflected on Attachment SP-1, at page 2, line 3; include the future collection of  
18 revenues from customers in relation to the Weather Normalization Clause  
19 (\$927,000).



1           (7)   The New England Division Incentive Compensation for FY 2006 was subject to  
2                    an earnings floor, but was paid based on goals tied to an individual's job  
3                    performance that benefits both customers and the Company. The incentive  
4                    compensation paid to non-executives has been included in operating expenses.  
5            The Company has excluded \$255,098 of executive incentive compensation  
6                    pursuant to prior Commission decision.

7           (8)   The Company included the Corporate Allocation of overhead expenses, less  
8                    all amounts associated with the Corporate Incentive Compensation Plan. The  
9                    Company also reviewed the Corporate Allocation and determined that  
10                   lobbying-related costs were not included.

11          (9)   The Company has appropriately classified the Divisional lobbying-related  
12                    costs as Non-Operating and excluded these amounts from the ESM calculation.

13          (10)  For accounting purposes, the Company booked all expenses relating to the  
14                    mercury-release incident below the line. Therefore, these expenses are  
15                    excluded from Operating Expense for the purpose of calculating the earnings  
16                    sharing.

17          (11)  In accordance with Order No. 17971, the Company excluded 50 percent of  
18                    advertising and public relation costs relating to the promotion of the corporate  
19                    public image. This resulted in a decrease in Operating Expense of \$68,956.

1           (12) In Docket 3690, the Company accepted the Division's position to amortize the  
2           costs related to a Health, Safety and Environmental Study over a three-year  
3           period. Operating Expenses were increased by \$191,500 for the second of a  
4           three-year amortization of the cost for the study.

5           (13) For "Other Interest Expense," the Company included only those costs  
6           associated with Customer Deposits. All other charges not considered as a  
7           normal part of the gas distribution business were recorded below the line and  
8           not included in the ESM Calculation.

9           (14) The Company removed from operating expenses the net incentive related to  
10          the Gas Purchase Incentive Plan and recorded this below the line (\$127,201).

11          (15) The Company excluded amounts relating to Contributions in Aid of  
12          Construction ("CIAC") from the rate base.

13 **Q. HAS THE COMPANY UPDATED ITS CALCULATION OF ACCUMULATED**  
14 **DEFERRED INCOME TAX ("ADIT")?**

15 A. During FY2006 the Company's tax department calculated deferred income taxes  
16 related to accelerated depreciation, excluding amounts booked pursuant to FAS 109  
17 for the Rhode Island portion of the New England Gas division. To perform this  
18 calculation, the Company rolled forward the ADIT balance related to depreciation (tax  
19 versus book) less FAS 109 from the time of the merger (September 30, 2000) through

1 June 30, 2006. Attachment SP-2 presents the roll-forward calculation. The tax  
2 depreciation amount is related to Utility Plant only and includes reversals related to  
3 Bonus Depreciation. The roll-forward schedule includes the actual ADIT for the six  
4 months ended December 31, 2005 and an estimate for the six months ended June 30,  
5 2006.

6 **Q. WHAT WAS THE FEDERAL INCOME TAX RATE USED BY THE**  
7 **COMPANY TO CALCULATE OPERATING INCOME BEFORE INTEREST**  
8 **EXPENSE?**

9 A. The Company calculated federal income taxes at the statutory rate of 35 percent, as  
10 shown on Attachment SP-1 at page 3.

11 **Q. HOW DID THE COMPANY CALCULATE LONG-TERM DEBT INTEREST,**  
12 **SHORT-TERM DEBT INTERST AND PREFERRED STOCK DIVIDENDS?**

13 A. The Settlement Agreement specifies the capital structure to be used in computing the  
14 cost of capital (Section II.F.2). The imputed capital structure is as follows:

15	Short-term Debt	8.8%
16	Long-term Debt	45.7%
17	Preferred Stock	1.9%
18	Common Equity	43.6%

19 Therefore, as shown on Attachment SP-1, at page 4, the Company computed the cost  
20 of long-term debt by multiplying the percentage of long-term debt applicable to rate

1 base at the cost of 7.81 percent, as stated in the Settlement Agreement (Section II.F.2).  
2 Likewise, preferred dividends were calculated by multiplying rate base applicable to  
3 preferred stock at the rate of 9.93 percent, as stated in the Settlement Agreement. The  
4 Company computed the cost of short-term debt by multiplying rate base applicable to  
5 short-term debt times the 12-month average cost of short-term debt for Southern  
6 Union or 4.73 percent as calculated in Attachment SP-1 page 10.

7 **Q. DID THE COMPANY MAKE ANY OTHER CALCULATIONS TO DERIVE**  
8 **THE TOTAL NET INCOME AVAILABLE FOR COMMON EQUITY?**

9 A. Yes. In accordance with the Settlement Agreement, the Company included funds  
10 associated with the allowance for funds used during construction in calculating  
11 operating income (Section II.F.1).

12 **Q. HOW DID THE COMPANY CALCULATE RATE BASE UNDER THE ESM?**

13 A. As required by the Settlement Agreement, average rate base for the fiscal year ending  
14 June 30, 2006 is based on a five-quarter average, as set forth in Attachment SP-1 at  
15 page 5 (Section II.F.1). In conformity with the Settlement Agreement, the Company  
16 excluded environmental response costs and prepaid taxes from rate base. However,  
17 the Company included construction work in progress in rate base. The Company  
18 computed the working capital allowance pursuant to the method approved in Docket  
19 No. 2286 (Attachment SP-1 at page 6), consistent with prior years ESM calculations.  
20 The deferred debits in rate base include Y2K costs, amortized at the rate of \$240,000

1 per year, and exclude costs associated with legacy customer-information systems. As  
2 discussed above, the Company excluded Stored Gas Inventory and CIAC from the rate  
3 base calculation.

4 **Q. HOW DID THE COMPANY DETERMINE COMMON EQUITY**  
5 **APPLICABLE TO RATE BASE?**

6 A. In accordance with the capital structure set forth in Section II.F.2, the Company  
7 multiplied the average rate base, as discussed above, times 43.6 percent to determine  
8 common equity applicable to rate base (Attachment SP-1, at page 5).

9 **Q. PLEASE EXPLAIN THE EARNINGS-SHARING CALCULATION ON**  
10 **ATTACHMENT SP-1.**

11 A. Attachment SP-1 at page 1, calculates the earnings to be shared with customers based  
12 on the sharing percentages required in the Settlement Agreement. Lines 1 through 3  
13 summarize the calculation of average common equity. Line 5 is the net income  
14 available for common equity and Line 6 is the return on common equity for the period  
15 ending June 30, 2006.

16 Since Line 6 is less than 11.25 percent, Lines 8 through 10 calculating the after-tax  
17 earnings to be shared with customers is zero and as such no amount will be returned to  
18 the customers.

1 **Q. HAS THE COMPANY PREPARED AN ADJUSTMENT TO THE INTERIM**  
2 **FY2005 ESM BASED ON THE COMMISSION'S DECISIONS AT THE OPEN**  
3 **MEETING ON MAY 11, 2006?**

4 **A.** Yes. In accordance with the Commission's statements at the May 11, 2006 Open  
5 Meeting, the Company submitted a letter dated June 9, 2006 calculating adjustments  
6 to the FY2005 earnings sharing calculation and reflecting the Commission's May 11,  
7 2006 statements. The letter is provided as Attachment SP-3.

8 **Q. HAS THE COMPANY COMPLETED THE FY2005 FERC FORM No 2?**

9 **A.** Yes, the FY2006 FERC Form 2 is provided as Attachment SP-4.

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 **A.** Yes.



NEW ENGLAND GAS COMPANY  
 EARNINGS SHARING CALCULATION  
 FOR THE TWELVE MONTHS ENDED JUNE 2006

1	Average Rate Base	Rate Base L25	251,595,331	1
2	Equity Component of Rate Base	Capital Structure L8	43.60%	2
3	Average Common Equity	(L1 * L2)	<u>109,695,565</u>	3
4				4
5	Net Income Available for Common Stock	Income Statement L61	4,763,627	5
6	Return on Common Equity	(L3 / L5)	4.34%	6
7				7
8	Return on Equity > 11.25% and <12.25%	(Lesser of 1% or L6 - 11.25%)	0.00%	8
9	Earnings to be Shared	(L3 * L8)	0	9
10	Earnings to Customers - 50%	(L9 * 50%)	0	10
11				11
12	Return on Equity >12.25 %	(If L6 >12.25%, L6 - 12.25%)	0.00%	12
13	Earnings to be Shared	(L3 * L12)	0	13
14	Earnings to Customers - 75%	(L13 * 75%)	0	14
15				15
16	Total After tax Earnings Credited to Customers	(L10 + L14)	<u>0</u>	16
17				17
18	Total Earnings Credited to DAC	(L16 / 65%)	<u>0</u>	18

NEW ENGLAND GAS COMPANY  
 INCOME STATEMENT  
 FOR THE TWELVE MONTHS ENDED JUNE 2006

	12 MONTHS ENDED JUNE 2006	
1 OPERATING REVENUES		1
2		2
3 TOTAL FIRM GAS	\$ 450,432,460	3
4 TRANSPORTATION	11,855,999	4
5 OTHER	1,830,921	5
6 COMPANY PORTION NON-FIRM MARGIN	(474,073)	6
7		7
8 TOTAL OPERATING REVENUES	463,645,307	8
9		9
10 ADJUSTMENTS TO OPERATING REVENUES		10
11 ESM FY '05	423,222	11
12 UNBILLED REVENUES	(1,198,651)	12
13 INVENTORY FINANCING	(3,130,242)	13
14 TOTAL ADJUSTED OPERATING REVENUES	459,739,636	14
15		15
16		16
17 OPERATING EXPENSES		17
18		18
19 PRODUCTION (GAS COSTS)	313,529,239	19
20 STORAGE	1,022,755	20
21 DISTRIBUTION	22,083,901	21
22 CUSTOMER ACCOUNTS	23,611,709	22
23 SALES	403,443	23
24 ADMINISTRATIVE & GENERAL	33,230,106	24
25 CORPORATE ALLOCATION	3,265,542	25
26 ACCRUED HEALTH & ENVIRONMENTAL STUDY	191,500	26
27 INCENTIVE PAYMENTS	(255,098)	27
28 TOTAL OPERATING EXPENSES	397,083,097	28
29		29
30 ADJUSTMENTS TO OPERATING EXPENSES		30
31		31
32 ASSET MANAGEMENT INCENTIVE	21,285	32
33 GAS PROCUREMENT PENALTY	(148,486)	33
34 UNBILLED GAS COSTS	(868,028)	34
35 SAVINGS IMPUTED IN BASE RATES	2,049,000	35
36		36
37 TOTAL FUNCTIONAL EXP	398,136,868	37
38		38
39 OTHER EXPENSES		39
40		40
41 DEPRECIATION & AMORT.	22,238,475	41
42 LOCAL AND OTHER TAXES	9,952,677	42
43 REVENUE RELATED TAXES (GET)	11,250,032	43
44 FEDERAL INCOME TAXES @ 35%	2,820,629	44
45		45
46 TOTAL OTHER EXPENSES	46,261,813	46
47		47
48 INCOME BEFORE INT EXP	15,340,955	48
49		49
50		50
51 INTEREST EXPENSE		51
52		52
53 SHORT-TERM DEBT	1,047,014	53
54 LONG-TERM DEBT	8,979,865	54
55 OTHER	134,370	55
56 AFDUC	(58,606)	56
57 TOTAL INTEREST EXPENSE	10,102,643	57
58		58
59		59
60 NET INCOME (LOSS)	5,238,312	60
61		61
62 PREFERRED DIVIDENDS	474,685	62
63		63
64 NET INC (LOSS) APPL TO CMN STK	\$ 4,763,627	64

NEW ENGLAND GAS COMPANY  
 FEDERAL INCOME TAX CALCULATION  
 FOR THE TWELVE MONTHS ENDED JUNE 2006

1	OPERATING REVENUES	459,739,636	1
2			2
3	LESS :		3
4			4
5	OPERATING EXPENSES	398,136,868	5
6	DEPRECIATION & AMORT.	22,238,475	6
7	LOCAL AND OTHER TAXES	9,952,677	7
8	REVENUE RELATED TAXES (GET)	11,250,032	8
9	SHORT-TERM DEBT	1,047,014	9
10	LONG-TERM DEBT	8,979,865	10
11	OTHER	134,370	11
12	AFDUC	(58,606)	12
13			13
14	TOTAL DEDUCTIONS	451,680,695	14
15			15
16	TAXABLE INCOME	8,058,941	16
17			17
18	FEDERAL INCOME TAX RATE @35%	35%	18
19			19
20	FEDERAL INCOME TAX EXPENSE	2,820,629	20

NEW ENGLAND GAS COMPANY  
 APPLICABLE CAPITOL STRUCTURE, INTEREST EXP & PREFERRED DIVIDEND  
 JUNE 2006

	%	\$	
1 RATE BASE		<u>251,595,331</u>	1
2			2
3 CAPITAL STRUCTURE			3
4			4
5 SHORT TERM DEBT	8.8%	22,140,389	5
6 LONG TERM DEBT	45.7%	114,979,066	6
7 PREFERRED STOCK	1.9%	4,780,311	7
8 COMMON EQUITY	43.6%	109,695,565	8
9	<u>100.0%</u>	<u>251,595,331</u>	9
10 INTEREST EXPENSE			10
11			11
12			12
13 LONG TERM DEBT PORTION	45.7%	114,979,066	13
14			14
15 COST OF LONG TERM DEBT JUNE 2006		7.81%	15
16			16
17 PROFORMA INTEREST FOR THE 12 MONTHS ENDED JUNE 2006		<u>8,979,865</u>	17
18			18
19			19
20			20
21 SHORT TERM DEBT PORTION	8.8%	22,140,389	21
22			22
23 COST OF SHORT TERM DEBT JUNE 2006		4.7290%	23
24			24
25 PROFORMA INTEREST FOR THE 12 MONTHS ENDED JUNE 2006		<u>1,047,014</u>	25
26			26
27 PREFERRED STOCK			27
28			28
29			29
30 PREFERRED STOCK PORTION	1.9%	4,780,311	30
31			31
32 COST OF PREFERRED STOCK JUNE 2006		9.93%	32
33			33
34 PROFORMA PREFERRED STK FOR 12 MONTHS ENDED JUNE 2006		<u>474,685</u>	34

NEW ENGLAND GAS COMPANY  
 RATE BASE  
 FIVE QUARTER AVERAGE JUNE 2006

	JUNE 2005	SEPTEMBER 2006	DECEMBER 2006	MARCH 2006	JUNE 2006	AVERAGE JUNE 2006
1 GAS PLANT IN SERVICE	\$ 512,735,591	\$ 517,796,479	\$ 522,451,992	\$ 525,193,696	\$ 526,689,514	\$ 520,973,454
2 LESS : ACCUMULATED DEPRECIATION	239,369,631	239,483,707	236,296,878	241,314,673	240,771,770	239,447,332
3 LESS : CONTRIBUTION IN AID OF CONSTR	1,583,328	1,337,540	1,149,581	1,177,711	1,274,886	1,304,609
4 LESS : ENVIRONMENTAL	3,742,085	3,947,577	8,435,939	8,156,276	8,034,814	6,463,338
5						
6 NET PLANT	268,040,547	273,027,655	276,569,594	274,545,036	276,608,044	273,758,175
7						
8 MATERIALS AND SUPPLIES	2,062,575	2,057,611	2,372,849	2,466,481	2,786,582	2,349,220
9 PREPAID EXPENSES EXCLUDING TAXES	408,486	263,850	638,263	725,528	540,772	515,376
10 DEFERRED DEBITS	2,340,000	2,280,000	2,220,000	2,160,000	2,100,000	2,220,000
11 CASH WORKING CAPITAL	14,081,448	14,081,448	14,081,448	14,081,448	14,081,448	14,081,448
12						
13	18,892,509	18,682,889	19,312,560	19,433,457	19,508,802	19,166,043
14						
15						
16 ACCUMULATED DEFERRED FIT	35,874,077	35,481,766	35,089,455	34,965,114	34,840,773	35,250,237
17 ACCUMULATED DEFERRED ITC	1,439,822	1,388,680	1,337,538	1,286,396	1,235,254	1,337,538
18 CUSTOMER DEPOSITS	2,931,708	2,974,881	3,207,462	3,236,161	3,240,343	3,118,111
19 INJURY AND DAMAGE RESERVE	1,794,311	1,538,409	1,600,406	1,599,256	1,582,622	1,623,001
20						
21	42,039,918	41,383,736	41,234,861	41,086,977	40,898,992	41,328,887
22						
23						
24						
25 RATE BASE	\$ 244,893,138	\$ 250,326,808	\$ 254,647,293	\$ 252,891,566	\$ 255,217,854	\$ 251,595,331

NEW ENGLAND GAS COMPANY  
CASH WORKING CAPITAL CALCULATION  
FOR THE TWELVE MONTHS ENDED

JUNE 2006

1 GAS COSTS	313,529,239	1
2 OPERATING EXP LESS CORPORATE OH'S	80,096,816	2
3 PAYROLL TAXES	3,187,193	3
4 PROPERTY TAXES	6,254,978	4
5 STATE TAXES OTHER	510,506	5
6 RI GROSS EARNINGS TAX	11,250,032	6
7 FEDERAL TAXES		7
8 TOTAL	<u>414,828,764</u>	8
9		9
10 DAILY CASH REQUIREMENT	1,136,517	10
11		11
12 NET LAG	12.39	12
13		13
14 TOTAL WORKING CAPITAL	<u><u>14,081,448</u></u>	14

NEW ENGLAND GAS COMPANY  
DETAIL OTHER REVENUE  
FOR THE TWELVE MONTHS ENDED JUNE 2006

	AMOUNT	
1 RENT FROM GAS PROPERTY	261,000	1
2 DEFERRED REVENUE - GCC	39,236	2
3 DISPLACEMENT REVENUE	829,836	3
4 GAIN ON THE SALE OF UTILITY PROPERTY	15,432	4
5 OTHER REVENUE MISC TAXABLE	11,037	5
6 INTEREST ON CUST ARREARS	669,073	6
7 INTEREST ON CUST ARREARS - LDCM	5,307	7
8	<u>1,830,921</u>	8

NEW ENGLAND GAS COMPANY  
DETAIL OTHER INTEREST EXPENSE  
FOR THE TWELVE MONTHS ENDED JUNE 2006

	AMOUNT	
1 INTEREST ON CUSTOMER DEPOSITS	134,370	1
2 TOTAL OTHER INTEREST EXPENSE	<u>134,370</u>	2



NEW ENGLAND GAS COMPANY  
DETAIL NON-OPERATING INCOME  
TWELVE MONTHS ENDED JUNE 2006

AMOUNT

1 GROSS EARNINGS TAX - NON-OP	(4,250)	1
2 RENTAL REVENUES	26,523	2
3 MISC NON-OP INCOME - EXPENSE	(18,855)	3
4 MISC PENALTIES	(6,500)	4
5 DUES AND MEMBERSHIPS	(128,741)	5
6 LOBBYING / LEGAL	(134,203)	6
7 NON-OPERATING ADVERTISING	(400)	7
8 ESTIMATED LOSS ON THE SALE OF RI ASSETS	(77,000,000)	8
9 MERCURY	(364,818)	9
10 SERP ADJUSTMENT	(2,447,120)	10
11 PRIOR PERIOD BALANCE SHEET TRUE-UP	(29,479)	11
12 ASSET MANAGEMENT INCENTIVE / GAS PROCUREMENT PENALTY	(127,201)	12
13 MOVE ABOVE THE LINE - DONATIONS LESS ADVERTISING	334,005	13
14 SERVICE CONTRACT REVENUE	604,535	14
15 TOTAL NON-OPERATING INCOME	<u>(79,296,504)</u>	15

NEW ENGLAND GAS COMPANY  
 CALCULATION OF AVERAGE SHORT-TERM INTEREST  
 FOR THE YEAR ENDED JUNE 30, 2006

<u>Month</u>	<u>Average Short-Term Debt Balance</u>	<u>Weighted Cost Rate</u>	<u>Short-Term Interest Expense</u>	
1 Jul-05	197,500,000	3.93%	647,090	1
2 Aug-05	269,000,000	4.08%	914,876	2
3 Sep-05	273,000,000	4.50%	1,023,469	3
4 Oct-05	307,000,000	4.45%	1,137,264	4
5 Nov-05	377,000,000	3.86%	1,212,760	5
6 Dec-05	420,000,000	4.47%	1,565,016	6
7 Jan-06	375,000,000	4.67%	1,460,237	7
8 Feb-06	355,000,000	4.76%	1,409,580	8
9 Mar-06	305,000,000	5.76%	1,465,249	9
10 Apr-06	268,000,000	5.45%	1,216,323	10
11 May-06	250,000,000	5.65%	1,177,037	11
12 Jun-06	251,000,000	5.48%	1,145,218	12
13				13
14	<u>\$ 303,958,333</u>		<u>\$ 1,197,843</u>	14
15				15
16 Totals	3,647,500,000	4.7290%	14,374,119	16

**New England Gas Company  
 Rollforward of Accumulated Deferred Income Taxes**

	Valley Gas / Bristol Warren	Providence Gas	New England Gas Company	
1 Balance @9/20/00	4,560,838	19,131,144	23,691,982	1
2 FY '01 Y/E Accrual	141,743	819,542	961,285	2
3 Balance @ 6/30/01	4,702,581	19,950,686	24,653,267	3
4 FY '02 Y/E Accrual	287,138	3,133,623	3,420,761	4
5 FY '01 Accrual True-Up		164,510	164,510	5
6 Balance @ 6/30/02	4,989,719	23,248,819	28,238,538	6
7 FY '03 Y/E Accrual			1,980,834	7
8 FY '02 Accrual True-Up			407,907	8
9 Balance @ 6/30/03			30,627,279	9
10 FY '04 Y/E Accrual			2,957,227	10
11 FY '03 Accrual True-Up			164,510	11
12 Balance @ 6/30/04			33,749,016	12
13 FY '05 Six Months 12-31-04 Actual			2,106,591	13
14 FY '05 Six Months 06-30-05 Actual			18,470	14
15 Balance @ 6/30/05			35,874,077	15
16 FY '06 Six Months 12-31-05 Actual			(784,622)	16
17 FY '06 Six Months 06-30-06 Estimated			(248,682)	17
18 Total			<u>34,840,773</u>	18

NEW ENGLAND GAS COMPANY  
 EARNINGS SHARING CALCULATION  
 FOR THE TWELVE MONTHS ENDED JUNE 2005

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2005	FINAL COMPANY RJR-5 SUPPLEMENTAL ADJUSTMENTS	FINAL COMPANY ADJUSTED 12 MONTHS ENDED JUNE 2005	FINAL COMMISSION ENDED JUNE 2005
1 Average Rate Base	243,396,731	1,022,482	244,419,213	244,419,213
2 Equity Component of Rate Base	43.60%	43.60%	43.60%	43.60%
3 Average Common Equity	106,120,975	445,802	106,566,777	106,566,777
4				
5 Net Income Available for Common Stock	12,084,574	454,375	12,538,950	12,538,950
6 Return on Common Equity	11.39%		11.77%	11.77%
7				
8 Return on Equity > 11.25% and < 12.25%	0.14%		0.52%	0.52%
9 Earnings to be Shared	145,965	404,223	550,187	550,187
10 Earnings to Customers - 50%	72,982	202,111	275,094	275,094
11				
12 Return on Equity > 12.25 %	0.00%		0.00%	0.00%
13 Earnings to be Shared	0	0	0	0
14 Earnings to Customers - 75%	0	0	0	0
15				
16 Total After tax Earnings Credited to Customers	72,982	202,111	275,094	275,094
17				
18 FY 05 Total Earnings Credited to DAC	112,280	310,940	423,222	423,222

NEW ENGLAND GAS COMPANY  
INCOME STATEMENT  
FOR THE TWELVE MONTHS ENDED JUNE 2005

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2005	FINAL RJR-5 COMPANY SUPPLEMENTAL ADJUSTMENTS	COMPANY ADJUSTED 12 MONTHS ENDED JUNE 2005	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION 12 MONTHS ENDED JUNE 2005
1 OPERATING REVENUES					
2					
3 TOTAL FIRM GAS	\$ 402,292,065		\$ 402,292,065		\$ 402,292,065
4 TRANSPORTATION	11,844,288		11,844,288		11,844,288
5 OTHER	2,015,180		2,015,180		2,015,180
6 COMPANY PORTION NON-FIRM MARGIN	(372,499)		(372,499)		(372,499)
7					
8 TOTAL OPERATING REVENUES	415,779,034	-	415,779,034	-	415,779,034
9					
10 ADJUSTMENTS TO OPERATING REVENUES					
11 ESM FY '04	(254,935)		(254,935)		(254,935)
12 UNBILLED REVENUES	(2,495,940)		(2,495,940)		(2,495,940)
13 INVENTORY FINANCING	(2,411,480)		(2,411,480)		(2,411,480)
14 TOTAL ADJUSTED OPERATING REVENUES	410,616,679	-	410,616,679	-	410,616,679
15					
16					
17 OPERATING EXPENSES					
18					
19 PRODUCTION (GAS COSTS)	263,537,485		263,537,485		263,537,485
20 STORAGE	913,746		913,746		913,746
21 DISTRIBUTION	19,263,662		19,263,662		19,263,662
22 CUSTOMER ACCOUNTS	17,932,127		17,932,127		17,932,127
23 SALES	364,644		364,644		364,644
24 ADMINISTRATIVE & GENERAL	35,321,211	(606,319)	34,714,892		34,714,892
25 CORPORATE ALLOCATION	2,323,465	(135,000)	2,188,465		2,188,465
26 INCENTIVE RELATED TO EARNINGS	(455,803)		(455,803)		(455,803)
27 TOTAL OPERATING EXPENSES	339,200,537	(741,319)	338,459,218	-	338,459,218
28					
29 ADJUSTMENTS TO OPERATING EXPENSES					
30					
31 UNBILLED GAS COSTS	(2,196,345)		(2,196,345)		(2,196,345)
32 SAVINGS IMPUTED IN BASE RATES	2,049,000		2,049,000		2,049,000
33					
34 TOTAL FUNCTIONAL EXP	339,053,192	(741,319)	338,311,873	-	338,311,873
35					
36 OTHER EXPENSES					
37					
38 DEPRECIATION & AMORT.	20,753,469		20,753,469		20,753,469
39 LOCAL AND OTHER TAXES	10,930,183		10,930,183		10,930,183
40 REVENUE RELATED TAXES (GET)	11,312,889		11,312,889		11,312,889
41 FEDERAL INCOME TAXES @ 35%	6,754,350	245,702	7,000,052	0	7,000,052
42					
43 TOTAL OTHER EXPENSES	49,750,891	245,702	49,996,593	-	49,996,593
44					
45 INCOME BEFORE INT EXP	21,812,596	495,617	22,308,213	-	22,308,213
46					
47					
48 INTEREST EXPENSE					
49					
50 SHORT-TERM DEBT	670,807	2,818	673,625	-	673,625
51 LONG-TERM DEBT	8,687,243	36,494	8,723,737	-	8,723,737
52 OTHER	117,536		117,536		117,536
53 AFDUC	(206,781)		(206,781)		(206,781)
54 TOTAL INTEREST EXPENSE	9,268,805	39,312	9,308,117	-	9,308,117
55					
56					
57 NET INCOME (LOSS)	12,543,791	456,304	13,000,096	-	13,000,096
58					
59 PREFERRED DIVIDENDS	459,217	1,929	461,146	-	461,146
60					
61 NET INC (LOSS) APPL TO CMN STK	\$ 12,084,574	\$ 454,375	\$ 12,538,950	\$ -	\$ 12,538,950

NEW ENGLAND GAS COMPANY  
 INCOME STATEMENT RECONCILIATION  
 FINAL FISCAL 2005 ESM CALCULATION

INCOME STATEMENT LINE NUMBER	REFERENCE	FINAL COMMISSION AMOUNT VS. ORIGINAL COMPANY RJR-1
1		
2		
3	SCHEDULE DJE-2S PAGE 2 FOOTNOTE 1	(223,319)
4	SCHEDULE DJE-2S PAGE 2 FOOTNOTE 2	(383,000)
5	SCHEDULE DJE-2S PAGE 2 FOOTNOTE 3	(135,000)
6		<u>(741,319)</u>
7		
8		
9		
10		2,818
11	SCHEDULE DJE-2S PAGE 1 FOOTNOTE 3	36,494
12	SCHEDULE DJE-2S PAGE 1 FOOTNOTE 3	<u>39,312</u>
13		
14		
15	SCHEDULE DJE-2S PAGE 1 FOOTNOTE 3	<u>1,929</u>

1 OPERATING EXPENSES:

8 INTEREST EXPENSE:

**NEW ENGLAND GAS COMPANY  
 FEDERAL INCOME TAX CALCULATION  
 FOR THE TWELVE MONTHS ENDED JUNE 2005**

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2005	FINAL RJR-5 COMPANY SUPPLEMENTAL ADJUSTMENTS	COMPANY ADJUSTED 12 MONTHS ENDED JUNE 2005	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION ENDED JUNE 2005
1 OPERATING REVENUES	410,616,679	0	410,616,679	0	410,616,679
2					
3 LESS:					
4					
5 OPERATING EXPENSES	339,053,192	(741,319)	338,311,873	0	338,311,873
6 DEPRECIATION & AMORT.	20,753,469		20,753,469	0	20,753,469
7 LOCAL AND OTHER TAXES	10,930,183		10,930,183		10,930,183
8 REVENUE RELATED TAXES (GET)	11,312,889		11,312,889		11,312,889
9 SHORT-TERM DEBT	670,807	2,818	673,625	0	673,625
10 LONG-TERM DEBT	8,687,243	36,494	8,723,737	0	8,723,737
11 OTHER	117,536	0	117,536	0	117,536
12 AFDUC	(206,781)		(206,781)	0	(206,781)
13					
14 TOTAL DEDUCTIONS	391,318,538	(702,007)	390,616,531	0	390,616,531
15					
16 TAXABLE INCOME	19,298,141	702,007	20,000,148	0	20,000,148
17					
18 FEDERAL INCOME TAX RATE @35%	35%	35%	35%	35%	35%
19					
20 FEDERAL INCOME TAX EXPENSE	6,754,349	245,702	7,000,052	0	7,000,052

NEW ENGLAND GAS COMPANY  
 APPLICABLE CAPITOL STRUCTURE, INTEREST EXP & PREFERRED DIVIDEND  
 JUNE 2005

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2005	FINAL RJR-5 COMPANY SUPPLEMENTAL ADJUSTMENTS	COMPANY ADJUSTED 12 MONTHS ENDED JUNE 2005	FINAL COMMISSION 12 MONTHS ENDED JUNE 2005
1 RATE BASE	243,396,731	1,022,482	244,419,213	0
2				
3 CAPITAL STRUCTURE				
4				
5 SHORT TERM DEBT	21,418,912	89,978	21,508,891	0
6 LONG TERM DEBT	111,232,306	467,274	111,699,580	0
7 PREFERRED STOCK	4,624,538	19,427	4,643,965	0
8 COMMON EQUITY	106,120,975	445,802	106,566,777	0
9	243,396,731	1,022,482	244,419,213	0
10 INTEREST EXPENSE				
11				
12				
13 LONG TERM DEBT PORTION	111,232,306	467,274	111,699,580	0
14				
15 COST OF LONG TERM DEBT JUNE 2005	7.81%	7.81%	7.81%	7.81%
16				
17 PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2005	8,687,243	36,494	8,723,737	0
18				
19				
20				
21 SHORT TERM DEBT PORTION	21,418,912	89,978	21,508,891	0
22				
23 COST OF SHORT TERM DEBT JUNE 2005	3.1318%	3.1318%	3.1318%	3.1318%
24				
25 PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2005	670,807	2,818	673,625	0
26				
27 PREFERRED STOCK				
28				
29				
30 PREFERRED STOCK PORTION	4,624,538	19,427	4,643,965	0
31				
32 COST OF LONG TERM DEBT JUNE 2005	9.93%	9.93%	9.93%	9.93%
33				
34 PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2005	459,217	1,929	461,146	0



NEW ENGLAND GAS COMPANY  
RATE BASE  
ADJUSTED FIVE QUARTER AVERAGE JUNE 2005

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2005	FINAL RJR-5 COMPANY SUPPLEMENTAL ADJUSTMENTS	EFFRON ADJUSTED 12 MONTHS ENDED JUNE 2005	FINAL COMMISSION ADJUSTMENTS	COMPANY ADJUSTED 12 MONTHS ENDED JUNE 2005
1 GAS PLANT IN SERVICE	\$ 501,151,812		\$ 501,151,812		\$ 501,151,812
2 LESS : ACCUMULATED DEPRECIATION	227,443,339		227,443,339		227,443,339
3 LESS : CONTRIBUTION IN AID OF CONSTR	1,162,102		1,162,102		1,162,102
4 LESS : ENVIRONMENTAL EXPENDITURES	5,314,571	(1,100,933)	4,213,638		4,213,638
5					
6 NET PLANT	267,231,800	1,100,933	268,332,733	0	268,332,733
7					
8 MATERIALS AND SUPPLIES	2,104,940		2,104,940		2,104,940
9 PREPAID EXPENSES EXCLUDING TAXES	479,930		479,930	0	479,930
10 DEFERRED DEBITS	2,460,000		2,460,000		2,460,000
11 GAS INVENTORIES	0		0		0
12 CASH WORKING CAPITAL	12,190,407	(20,582)	12,169,825		12,169,825
13					
14	17,235,277	(20,582)	17,214,695	0	17,214,695
15					
16	35,218,088		35,218,088		35,218,088
17 ACCUMULATED DEFERRED FIT	35,160,219	57,869	35,218,088		35,218,088
18 ACCUMULATED DEFERRED ITC	1,542,106		1,542,106		1,542,106
19 CUSTOMER DEPOSITS	2,868,991		2,868,991		2,868,991
20 INJURY AND DAMAGE RESERVE	1,499,029		1,499,029		1,499,029
21					
22	41,070,345	57,869	41,128,214	-	41,128,214
23					
24					
25					
26 RATE BASE	\$ 243,396,731	\$ 1,022,482	\$ 244,419,213	\$ -	\$ 244,419,213

**ANNUAL REPORT OF NATURAL GAS  
COMPANIES  
(Class A and Class B)**

OF

**New England Gas Company, A Division of Southern Union Company**

---

(Exact legal name of respondent)

If name was changed during year, show also the previous name and date of change.

**100 Weybosset Street, Providence, RI 02903**

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(Address of principal business office at end of year)

TO THE  
**PUBLIC SERVICE COMMISSION**  
OF THE  
**STATE OF RHODE ISLAND**  
FOR THE  
**Year Ended June 30, 2006**

Name, title, address and telephone number (including area code), of the person to be contacted concerning this report:

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INSTRUCTIONS FOR FILING THE  
FERC FORM NO. 2

GENERAL INFORMATION

I. Purpose

This form is designed to collect financial and operational information from major interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is a nonconfidential public use form.

II. Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260.1 must submit this form.

NOTE: Major means having combined gas transported or stored for a fee exceeding 50 million Dth in each of the 3 previous calendar years.

III. What and Where to Submit

- (a) Submit the electronic medium in accordance with the procedures specified in 18 CFR 385.2011 and an original and four (4) copies of this form to:

Office of the Secretary  
Federal Energy Regulatory Commission  
Washington, DC 20426

Retain one copy of this report for your files.

- (b) Submit immediately upon publication, four (4) copies of the latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant  
Federal Energy Regulatory Commission  
Washington, DC 20426

- (c) For the CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with current standards of reporting which will:

- (i) contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

**GENERAL INFORMATION**

- (ii) be signed by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States (See 18 CFR 158.10-158.12 for specific qualifications.)

<u>Schedules</u>	<u>Reference Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-116
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122

Insert the letter or report immediately following the cover sheet of the original and each copy of this form.

- (d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirement free of charge from:

Public Reference and Files Maintenance Branch  
Washington, DC 20426  
(202) 208-2356

IV. When to Submit:

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for this collection of information is estimated to average 2,475 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, Washington, DC 20426 (Attention: Michael Miller, ED-12.4); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

You shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

## GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use the current year amounts for income accounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, either
  - (a). Enter the words "Not Applicable" on the particular page(s), or
  - (b). Omit the page(s) and enter "NA", "NONE", or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (see VII. below).
- VI. Indicate negative amounts (such as decreases) by enclosing the figures in parenthesis ( ).
- VII. When making revisions, resubmit the electronic medium and only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the Identification and Attestation, page 1. Mail dated resubmissions to:  
Chief Accountant  
Federal Energy Regulatory Commission  
Washington, DC 20426
- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 by 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and the page number supplemented.
- IX. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in MMBtu and Dth.
- XII. Respondents may submit computer printed schedules (reduced to 8 1/2 by 11) instead of the schedules in the FERC Form 2 if they are in substantially the same format.
- XIII. Report footnotes on pages 551 and 552. Sort data on page 551 by page number. Sort data on page 552 by footnote number. The page number component of the footnote reference is the first page of a schedule whether it is a single page schedule or a multi-page schedule. Even if a footnote appears on a later page of a multi-page schedule the footnote will only reference the first page of the schedule. The first page of a multi-page schedule now becomes a proxy for the entire schedule. For example, Gas Plant in Service ranges across pages 204 through 209. A footnote on page 207 would contain a page reference of 204.

**DEFINITIONS**

- I. Btu per cubic foot -- The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32F, and under standard gravitational force (980.665 cm. per sec.) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called the gross heating value or total heating value).
- II. Commission Authorization -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- III. Dekatherm -- A unit of heating value equivalent to 10 therms or 1,000,000 Btu.
- IV. Respondent -- The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

**EXERPTS FROM THE LAW**

**(Natural Gas Act; 15 U.S.C. 717-717w)**

"Sec 10(a). Every natural gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest due and paid, depreciation, amortization, and other reserves, costs of facilities, cost of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, cost of renewal and replacement of such facilities, transportation, delivery, use, and sale of natural gas...."

"Sec. 16. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary and appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within which they shall be filed...."

**GENERAL PENALTIES**

"Sec. 21(b). Any person who willfully and knowingly violates any rule, regulation, restriction, condition, or order made or imposed by the Commission under authority of this act, shall, in addition to any other penalties provided by law, be punished upon conviction thereof by a fine of not exceeding \$500 for each and every day during which such offense occurs."

FERC FORM NO. 2:  
 ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

IDENTIFICATION		
01 Exact Legal Name of Respondent <b>New England Gas Company, A Division of Southern Union Company, RI Location</b>	02 Year of Report <b>June 30, 2006</b>	
03 Previous Name and Date of Change (If name changed during year) <b>N/A</b>		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) <b>100 Weybosset Street Providence, RI 02903</b>		
05 Name of Contact Person <b>Sharon Partridge</b>	06 Title of Contact Person <b>Vice President, Finance</b>	
07 Address of Contact Person (Street, City, State, Zip Code) <b>100 Weybosset Street Providence, RI 02903</b>		
08 Telephone of Contact Person, including Area Code <b>(401) 574-2015</b>	09 This Report Is <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) <b>06/30/06</b>
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.		
11 Name <b>Sharon Partridge</b>	12 Title <b>Vice President, Finance</b>	
13 Signature	14 Date Signed	
Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.		

Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>		This Report is: <b>A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year of Report <b>June 30, 2006</b>
Rhode Island Location				
LIST OF SCHEDULES (Natural Gas Company)				
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."				
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Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>		This Report Is: <b>A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year of Report <b>June 30, 2006</b>
Rhode Island Location				
LIST OF SCHEDULES (Natural Gas Company) (Continued)				
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
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69	Stockholders' Reports (check appropriate box)			
70	<input checked="" type="checkbox"/> Four copies will be submitted.			
71	<input type="checkbox"/> No annual report to stock holders is prepared.			

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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <b>A Resubmission</b>	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year of Report <b>June 30, 2006</b>
Rhode Island Location			
<b>GENERAL INFORMATION</b>			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p><b>Sharon Partridge, Vice President, Finance</b>  <b>100 Weybosset Street</b>  <b>Providence, RI 02903</b></p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p><b>On September 20 &amp; 28, 2000, the Valley Gas Company and Providence Gas Company, respectfully, merged with and into Southern Union Company whose date of incorporation is December 13, 1932. Southern Union Company is incorporated in the State of Delaware.</b></p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p><b>N/A</b></p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p><b>State of Rhode Island: Natural Gas</b></p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements as an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) <input type="checkbox"/> Yes...Enter the date when such independent accountant was initially engaged: _____.</p> <p>(2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent <b>New England Gas Company, A Division of Southern Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year of Report <b>June 30, 2006</b>
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**CORPORATIONS CONTROLLED BY RESPONDENT**

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|--|--|
| <p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p> | <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.</p> |
|--|--|

**DEFINITIONS**

- |  |   |
|--|---|
| <p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.</p> | <p>4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p> |
|--|---|

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Ref. (e)
1	Southern Union Company	D	Natural Gas Distributor - Division	N/A	
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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <b>A Resubmission</b>	Date of Report (Mo, Da, Yr)	Year of Report <b>June 30, 2006</b>
<b>Rhode Island Location</b>			

**SECURITY HOLDERS AND VOTING POWERS**

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of the trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting

rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:

Stock book not closed

2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.

Total:  
By proxy:

3. Give the date and place of such meeting:

November 5, 2002  
New York, New York

**VOTING SECURITIES**

Line No.	Name (Title) and Address of Security Holder (a)	4. Number of votes as of (date): <b>November 14, 2001</b>			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	N/A		-	-
6	TOTAL number of securities holders	N/A		-	-
7	TOTAL votes of security holders listed below	N/A		-	-
8				-	-
9				-	-
10				-	-
11				-	-
12				-	-
13				-	-
14				-	-
15				-	-
16				-	-
17				-	-
18				-	-
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22				-	-
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25				-	-

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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year of Report <b>June 30, 2006</b>
Rhode Island Location			

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	UTILITY PLANT			
2	Utility Plant (101-106,114)	200-201	756,339,798	809,424,484
3	Construction Work in Progress (107)	200-201	2,547,739	12,941,629
4	TOTAL Utility Plant (Total of Lines 2 and 3)	200-201	758,887,537	822,366,113
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		(246,636,887)	(241,811,930)
6	Net Utility Plant (Total of line 4 less 5)		512,250,650	580,554,183
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)			
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)			
9	Nuclear Fuel (Total of line 7 less 8)			
10	Net Utility Plant (Total of Lines 6 and 9)		512,250,650	580,554,183
11	Utility Plant Adjustments (116)			
12	Gas Stored - Base Gas (117.1)	122		
13	System Balancing Gas (117.2)	220		
14	Gas Stored in Reservoirs and Pipelines - Noncurrent (117.3)	220		
15	Gas Owned to System Gas (117.4)	220		
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)			
18	(Less) Accum. Provision for Depreciation and Amortization (122)			
19	Investments in Associated Companies (123)	222-223	0	117
20	Investments in Subsidiary Companies (123.1)	224-225		
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances			
23	Other investments (124)	222-223	330,720	49,286
24	Special Funds (125 thru 128)			
25	TOTAL Other Property and Investments (Total of lines 17-20, 22-24)		330,720	49,403
26	CURRENT AND ACCRUED ASSETS			
27	Cash (131)		1,231,716	907,393
28	Special Deposits (132-134)			
29	Working Funds (135)		4,115	6,996
30	Temporary Cash Investments (136)	222-223		
31	Notes Receivable (141)			
32	Customer Accounts Receivable (142)		62,646,383	61,248,903
33	Other Accounts Receivable (143)		(40,244)	878,526
34	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		(7,776,002)	(7,101,767)
35	Notes Receivable from Associated Companies (145)			
36	Accounts Receivable from Associated Companies (146)		426,152,519	317,844,805
37	Fuel Stock (151)		324,792	398,679
38	Fuel Stock Expenses Undistributed (152)			
39	Residuals (Elec) and Extracted Products (Gas) (153)			
40	Plant Materials and Operating Supplies (154)		2,461,790	1,663,895
41	Merchandise (155)			
42	Other Materials and Supplies (156)			
43	Nuclear Materials Held for Sale (157)			



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Rhode Island Location			

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
44	Allowances (158.1 and 158.2)			
45	(Less) Noncurrent Portion of Allowances			
46	Stores Expense Undistributed (163)			71
47	Gas Stored Underground - Current (164.1)	220	20,511,334	16,007,288
48	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	7,254,697	4,922,766
49	Prepayments (165)	230	42,480,454	41,841,873
50	Advances for Gas (166 thru 167)			
51	Interest and Dividends Receivable (171)			
52	Rents Receivable (172)			
53	Accrued Utility Revenues (173) Reclassified Jan 2005. See FERC 186 page 233		6,659,632	5,460,981
54	Miscellaneous Current and Accrued Assets (174)		-	345
55	TOTAL Current and Accrued Assets (Total of lines 27 thru 54)		561,911,186	444,080,754
56	DEFERRED DEBITS			
57	Unamortized Debt Expense (181)			
58	Extraordinary Property Losses (182.1)	230		
59	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
60	Other Regulatory Assets (182.3)	232	9,835,061	11,156,796
61	Preliminary Survey and Investigation Charges (Electric) (183)			
62	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)			
63	Clearing Accounts (184)			17,578
64	Temporary Facilities (185)			
65	Miscellaneous Deferred Debits (186)	233	5,483,246	2,648,408
66	Deferred Losses from Disposition of Utility Plant (187)			
67	Research, Development, and Demonstration Expend. (188)			
68	Unamortized Loss on Reacquired Debt (189)			
69	Accumulated Deferred Income Taxes (190)	234-235		
70	Unrecovered Purchase Gas Costs (191)			
71	TOTAL Deferred Debits (Total of lines 57 thru 70)		15,318,307	13,822,782
72	TOTAL Assets and Other Debits (Total of lines 10-15,25,55, and 71)		1,089,810,863	1,038,507,122

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Rhode Island Location			

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid-In Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119	237,738,268	291,019,547
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	TOTAL Proprietary Capital (Total of lines 2 thru 13)		237,738,268	291,019,547
15	LONG TERM DEBT			
16	Bonds (221)	256-257		
17	(Less) Reacquired Bonds (222)	256-257		
18	Advances from Associated Companies (223)	256-257		
19	Other Long-Term Debt (224)	256-257		
20	Unamortized Premium on Long-Term Debt (225)	258-259		
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259		
22	(Less) Current Portion of Long-Term Debt			
23	TOTAL Long-Term Debt (Total of lines 16 thru 22)		-	-
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases - Noncurrent (227)		32,357	56,622
26	Accumulated Provision for Property Insurance (228.1)			
27	Accumulated Provision for Injuries and Damages (228.2)		1,582,622	1,794,311
28	Accumulated Provision for Pensions and Benefits (228.3)			
29	Accumulated Miscellaneous Operating Provisions (228.4)			
30	Accumulated Provision for Rate Refunds (229)			
31	TOTAL Other Noncurrent Liabilities (Total of lines 25 thru 30)		1,614,979	1,850,933

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Rhode Island Location			

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
32	<b>CURRENT AND ACCRUED LIABILITIES</b>			
33	Current Portion of Long-Term Debt			
34	Notes Payable (231)			
35	Accounts Payable (232)		23,535,317	31,539,116
36	Notes Payable to Associated Companies (233)			
37	Accounts Payable to Associated Companies (234)		701,989,138	619,462,486
38	Customer Deposits (235)		3,240,343	2,931,708
39	Taxes Accrued (236)	262-263	(15,294,605)	(11,489,509)
40	Interest Accrued (237)		347,582	287,145
41	Dividends Declared (238)			
42	Matured Long-Term Debt (239)			
43	Matured Interest (240)			
44	Tax Collections Payable (241)		464,946	276,222
45	Miscellaneous Current and Accrued Liabilities (242)	268	26,771,919	24,627,373
46	Obligations Under Capital Leases-Current (243)		-	
47	<b>TOTAL Current and Accrued Liabilities (Total of lines 33 thru 46)</b>		<b>741,054,640</b>	<b>667,634,541</b>
48	<b>DEFERRED CREDITS</b>			
49	Customer Advances for Construction (252)			
50	Accumulated Deferred Investment Tax Credits (255)		1,235,254	1,439,822
51	Deferred Gains from Disposition of Utility Plant (256)		-	
52	Other Deferred Credits (253)	269	33,316,560	34,298,815
53	Other Regulatory Liabilities (254)	278	42,534,767	9,947,069
54	Unamortized Gain on Reacquired Debt (257)	260	-	
54.1	Contributions in aid of Construction (271)		-	
55	Accumulated Deferred Income Taxes (281-283)	276-277	32,316,395	32,316,395
56	Operating Reserves			
57	<b>TOTAL Deferred Credits (Total of lines 49 thru 55)</b>		<b>109,402,976</b>	<b>78,002,101</b>
58	<b>TOTAL Liabilities and Other Credits (Total of lines 14, 23,31,47, and 56)</b>		<b>1,089,810,863</b>	<b>1,038,507,122</b>

Name of Respondent <b>New England Gas Company, A Division of Southern Union C</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year of Report <b>June 30, 2006</b>
Rhode Island Location			

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, *Revenue and Expenses from Utility Plant Leased to Others*, in another utility column (i,j) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in discount 414, *Other Utility Operating Income*, in the same manner as accounts 412 and 413 above.
3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	463,429,568	415,290,748
3	Operating Expenses			
4	Operation Expenses (401)	317-325	386,262,530	331,059,287
5	Maintenance Expenses (402)	317-325	8,403,946	6,561,618
6	Depreciation Expense (403)	336-338	18,408,637	17,754,687
7	Amortization & Depletion of Utility Plant (404-405)	336-338	3,829,838	2,998,781
8	Amortization of Utility Plant Acu. Adjustment (406)	336-338		
9	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)			
10	Amortization of Conversion Expenses (407.2)			
11	Regulatory Debits (407.3)			
12	(Less) Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	262-263	21,202,709	22,243,072
14	Income Taxes -- Federal (409.1)	262-263		
15	Income Taxes -- Other (409.1)	262-263		
16	Provision of Deferred Income Taxes (410.1)	234-235		
17	(Less) Provision for Deferred Income Taxes -- Credit (411.1)	234-235		
18	Investment Tax Credit Adjustment -- Net (411.4)			
19	(Less) Gains from Disposition of Utility Plant (411.6)			
20	Losses from Disposition of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)			
22	Losses from Disposition of Allowances (411.9)			
23	Income from Utility Plant leased to others			
24	TOTAL Utility Operating Expenses (Total of lines 4 thru 22)		438,107,660	380,617,445
25	Net Utility Operating Income (Total of lines 2 less 23) (Carry forward to page 116, line 25)		25,321,908	34,673,303

Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report <b>June 30, 2006</b>
Rhode Island Location			

STATEMENT OF INCOME FOR THE YEAR (Continued)

4. Explain in a footnote if the previous year's figures are different from those reported in prior reports.

5. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY				OTHER UTILITY		Line No.
Current Year (in dollars) (e)	Previous Year (in dollars) (f)	Current Year (in dollars) (g)	Previous Year (in dollars) (h)	Current Year (in dollars) (i)	Previous Year (in dollars) (j)	
		463,429,568	415,290,748			1
						2
						3
		386,262,530	331,059,287			4
		8,403,946	6,561,618			5
		18,408,637	17,754,687			6
		3,829,838	2,998,781			7
		-	-			8
		-	-			9
		-	-			10
		-	-			11
		-	-			12
		21,202,709	22,243,072			13
		-	-			14
		-	-			15
		-	-			16
		-	-			17
		-	-			18
		-	-			19
		-	-			20
		-	-			21
		-	-			22
		-	-			23
		438,107,660	380,617,445			24
		25,321,908	34,673,303			25

Name of Respondent		This Report is:		Date of Report	Year of Report
New England Gas Company, A Division of S		<input checked="" type="checkbox"/> An Original		(Mo, Da, Yr)	June 30, 2006
Rhode Island Location		<input type="checkbox"/> A Resubmission			
STATEMENT OF INCOME FOR THE YEAR (Continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)	
25	Net Utility Operating Income (Carried forward from page 114)		25,321,908	34,673,303	
26	OTHER INCOME AND DEDUCTIONS				
27	Other Income				
28	Nonutility Operating Income				
29	Revenues From Merchandising, Jobbing, and Contract Work (415)		1,186,179	1,719,620	
30	(Less) Costs and Expense of Merchandising, Job & Contract Work		(555,121)	(777,519)	
31	Revenues From Nonutility Operations (417)				
32	(Less) Expenses of Nonutility Operations (417.1)		-	(3,004)	
33	Nonoperating Rental Income				
34	Equity in Earnings of Subsidiary Companies (418.1)	119	-		
35	Interest and Dividend Income (419)		718,734	860,785	
36	Allowance for Other Funds Used During Construction (419.1)		58,606	206,781	
37	Miscellaneous Nonoperating Income (421)		(9,467)	103,595	
38	Gain on Disposition of Property (421.1)		24,507		
39	TOTAL Other Income (Total of lines 29 thru 38)		1,423,438	2,110,458	
40	Other Income Deductions				
41	Loss on Disposition of Property (421.2)				
42	Miscellaneous Amortization (425)	340			
43	Miscellaneous Income Deduction (426.1-426.5)	340	(80,178,328)	(9,033,514)	
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		(80,178,328)	(9,033,514)	
45	Taxes Applic. to Other Income and Deductions				
46	Taxes Other Than Income Taxes (406.2)	262-263			
47	Income Taxes - Federal (409.2)	262-263			
48	Income Taxes - Other (409.2)	262-263			
49	Provision for Deferred Income Taxes (410.2)	234-235			
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	234-235			
51	Investment Tax Credit Adjustments - Net (411.5)				
52	(Less) Investment Tax Credits (420)		204,568	204,568	
53	TOTAL Taxes on Other Income and Deductions (Total of lines 46 - 52)		204,568	204,568	
54	Net Other Income and Deductions (Total of lines 39, 44, 53)		(78,550,322)	(6,718,488)	
55	INTEREST CHARGES				
56	Interest on Long-Term Debt (427)				
57	Amortization of Debt Disc. and Expense (428)	258-259			
58	Amortization of Loss on Reacquired Debt (428.1)				
59	(Less) Amortization of Premium on Debt-Credit (429)	258-259			
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)				
61	Interest on Debt to Associated Companies (430)	340			
62	Other Interest Expense (431)	340	(264,295)	(279,600)	
63	(Less) Allowance for Borrowed Funds Used During Construction-Credit				
64	Net Interest Charges (Total of lines 56 thru 63)		(264,295)	(279,600)	
65	Income Before Extraordinary Items (Total of lines 25, 54, and 64)		(53,492,709)	27,675,215	
66	EXTRAORDINARY ITEMS				
67	Extraordinary Income (434)				
68	(Less) Extraordinary Deductions (435)				
69	Net Extraordinary Items (Total of line 67 less line 68)				
70	Income Taxes - Federal and Other (409.3)	262-263			
71	Extraordinary Items After Taxes (Total of line 69 less line 70)				
72	Net Income (Total of lines 65 and 71) **		(53,492,709)	27,675,215	

\*\* EXCLUDES CORP ALLOCATIONS

Name of Respondent <b>New England Gas Company, A Division of Southern Rhode Island Location</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year of Report <b>June 30, 2006</b>
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**STATEMENT OF RETAINED EARNINGS FOR THE YEAR**

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first account 439, *Adjustments to Retained Earnings*, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (in dollars) (c)	Previous Year Amount (in dollars) (d)
<b>UNAPPROPRIATED RETAINED EARNINGS</b>				
1	Balance -- Beginning of Year		291,230,977	263,344,332
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
3.01	Credit: Accumulated other comprehensive income			
3.02	Credit:			
3.03	Credit:			
3.04	Credit:			
3.05	Credit:			
4	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 3.01 thru 3.05)			
4.01	Debit: Accumulated other comprehensive income			
4.02	Debit: Cumulative effect of change in accounting principle			
4.03	Debit:			
4.04	Debit:			
4.05	Debit:			
5	TOTAL Debits to Retained Earnings (Account 439) (Enter total of lines 4.01 thru 4.05)			
6	Balance Transferred from Income (Account 433 less Account 418.1)		(53,492,709)	27,675,215
7	Appropriations of Retained Earnings (Account 436)			
7.01				
7.02				
7.03				
7.04				
8	TOTAL Appropriations of Retained Earnings (Account 436) (Total of lines 7.01 thru 7.04)			
9	Dividends Declared -- Preferred Stock (Account 437)			
9.01				
9.02				
9.03				
9.04				
10	TOTAL Dividends Declared -- Preferred Stock (Account 437) (Total of lines 9.01 thru 9.04)			
11	Dividends Declared -- Common Stock (Account 438)			
11.01	Stock Dividend			
11.02				
11.03				
11.04				
12	TOTAL Dividends Declared -- Common Stock (Account 438) (Total of lines 11.01 thru 11.04)			
13	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance -- End of Year (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		237,738,268	291,019,547

Name of Respondent <b>New England Gas Company, A Division of Southern</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report <b>June 30, 2006</b>
Rhode Island Location				
<b>STATEMENT OF RETAINED EARNINGS FOR THE YEAR</b>				
6. Show separately the State and Federal income tax effect of items shown in Account 439, <i>Adjustment to Retained Earnings</i> .		7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent; state the number and annual amounts to be reserved or appropriate as well as the totals eventually to be accumulated. 8. At lines 3, 4, 7, 9, 11, and 15, add rows as necessary to report follow in sequence, e.g., 3.01, 3.02, etc.		
Line No.	Item (a)	Current Year Amount (in dollars) (b)	Previous Year Amount (in dollars) (c)	
<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>				
State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.				
15.01				
15.02				
15.03				
15.04				
15.05				
15.06				
15.07				
15.08				
16	<b>TOTAL Appropriated Retained Earnings (Account 215)</b>			
<b>APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1)</b>				
State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.				
17	<b>TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)</b>			
18	<b>TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines 16 and 17)</b>			
19	<b>TOTAL Retained Earnings (Account 215, 215.1, 216) (Total of lines 14 and 18)</b>	237,738,268		291,019,547
<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b>				
20	Balance -- Beginning of Year (Debit or Credit)			
21	Equity in Earnings for Year (Credit) (Account 418.1)			
22	(Less) Dividends Received (Debit)			
23	Other Changes (Explain)			
24	Balance - End of Year			



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**[Next page is 200]**

Name of Respondent		This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Rhode Island Location		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	June 30, 2006
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION				
Line No.	Item (a)	Total (b)		
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	529,154,310		
4	Property Under Capital Leases	584,745		
5	Plant Purchased or Sold			
6	Completed Construction not Classified			
7	Experimental Plant Unclassified			
8	TOTAL Utility Plant (Total of lines 3 thru 7)	529,739,055		
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	2,547,739		
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Total of lines 8 thru 12)	532,286,794		
14	Accumulated Provision for Depreciation, Amortization, & Depletion	(246,636,887)		
15	Net Utility Plant (Total of lines 13 and 14)	[1]	285,649,907	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION			
17	In Service:			
18	Depreciation	(254,671,701)		
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights			
20	Amortization of Underground Storage Land and Land Rights			
21	Amortization of Other Utility Plant			
22	TOTAL In Service (Total of lines 18 thru 21)	(254,671,701)		
23	Leased to Others			
24	Depreciation			
25	Amortization and Depletion			
26	TOTAL Leased to Others (Total of lines 24 and 25)	-		
27	Held for Future Use			
28	Depreciation			
29	Amortization			
30	TOTAL Held for Future Use (Total of lines 28 and 29)	-		
31	Abandonment of Leases (Natural Gas)			
32	Amortization of Plant Acquisition Adjustment			
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	(254,671,701)		

(1) Excludes \$226,600,743 Goodwill

Name of Respondent		This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of		<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	June 30, 2006
Rhode Island Location		<input type="checkbox"/> A Resubmission		
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION (Continued)				
Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line
				1
				2
-	529,154,310	-	-	3
-	584,745	-	-	4
-	-	-	-	5
-	-	-	-	6
-	-	-	-	7
-	529,739,055	-	-	8
-	-	-	-	9
-	-	-	-	10
-	2,547,739	-	-	11
-	-	-	-	12
-	532,286,794	-	-	13
-	(246,636,887)	-	-	14
-	285,649,907	-	-	15
				16
				17
-	(254,671,701)	-	-	18
				19
				20
-	-	-	-	21
-	(254,671,701)	-	-	22
				23
-	-	-	-	24
-	-	-	-	25
-	-	-	-	26
				27
-	-	-	-	28
-	-	-	-	29
-	-	-	-	30
				31
-	-	-	-	32
-	(254,671,701)	-	-	33

Name of Respondent <b>New England Gas Company, A Division of</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106)**

- |   |  |
|---|--|
| <p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, <i>Gas Plant in Service(Classified)</i>, this page and the next include Account 102, <i>Gas Plant Purchased or Sold</i>, Account 103, <i>Experimental Gas Plant Unclassified</i>, and Account 106, <i>Completed Construction Not Classified – Gas</i>.</p> <p>3. Include in column (c) or (d), as appropriate corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an</p> | <p>estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).</p> |
|---|--|

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	<b>INTANGIBLE PLANT</b>		
2	301 Organization		
3	302 Franchises and Consents	188,054	
4	303 Miscellaneous Intangible Plant	34,012,576	4,343,692
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	34,200,630	4,343,692
6	<b>PRODUCTION PLANT</b>		
7	Natural Gas Production and Gathering Plant		
8	304 Land and Land Rights	196,998	-
9	305 Structures and Improvements	1,248,775	
10	306 Boiler Plant Equipment		
11	307 Other Power Equipment	44,561	
12	311 Liquefied Petroleum Gas Equipment	1,441,149	-
13	313 Generating Equipment- Other Processes		
14	320 Other Equipment	53,082	
15	325.1 Producing Lands		
16	325.2 Producing Leaseholds		
17	325.3 Gas Rights		
18	325.4 Rights-of-Way		
19	325.5 Other Land and Land Rights		
20	326 Gas Well Structures		
21	327 Field Compressor Station Structures		
22	328 Field Measuring and Regulating Station Equipment		
23	329 Other Structures		
24	330 Producing Gas Wells -- Well Construction		
25	331 Producing Gas Wells -- Well Equipment		
26	332 Field Lines		
27	333 Field Compressor Station Equipment		
28	334 Field Measuring and Regulating Station Equipment		
29	335 Drilling and Cleaning Equipment		
30	336 Purification Equipment		
31	337 Other Equipment		
32	338 Unsuccessful Exploration and Development Costs		
33	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25)	2,984,565	-
34	<b>PRODUCTS EXTRACTION PLANT</b>		
35	340 Land and Land Rights		
36	341 Structures and Improvements		
37	342 Extraction and Refining Equipment		
38	343 Pipe Lines		
39	344 Extracted Products Storage Equipment		
40	345 Compressor Equipment		

Name of Respondent New England Gas Company, A Division of S		This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2006
Rhode Island Location					
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)					
<p>including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.</p> <p>6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc.,</p>			<p>and show in column (f) only the offset to the debits or credits to primary account classifications.</p> <p>7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.</p> <p>8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.</p>		
Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.	
				1	
				2	
			188,054	3	
6,008,277			32,347,991	4	
6,008,277			32,536,045	5	
				6	
				7	
			196,998	8	
8,741			1,240,034	9	
			-	10	
			44,561	11	
119,317			1,321,832	12	
			-	13	
			53,082	14	
			-	15	
			-	16	
			-	17	
			-	18	
			-	19	
			-	20	
			-	21	
			-	22	
			-	23	
			-	24	
			-	25	
			-	26	
			-	27	
			-	28	
			-	29	
			-	30	
			-	31	
			-	32	
128,058			2,856,607	33	
				34	
				35	
				36	
				37	
				38	
				39	
				40	

Name of Respondent		This Report is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Un		<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	June 30, 2006
Rhode Island Location		<input type="checkbox"/> A Resubmission		
<b>GAS PLANT IN SERVICE (Accounts 101,102,103, and 106) (Continued)</b>				
Line No.	Account	Balance at Beginning of Year	Additions	
	(a)	(b)	(c)	
34	346 Gas Measuring and Regulating Equipment			
35	347 Other Equipment			
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)			
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)			
38	Manufactured Gas Production Plant (Submit Supplementary Statement)			
39	TOTAL Production Plant (Enter Total of lines 37 and 38)			
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land			
43	350.2 Rights-of-Way			
44	351 Structures and improvements			
45	352 Wells			
46	352.1 Storage Leaseholds and Rights			
47	352.2 Reservoirs			
48	352.3 Non-recoverable Natural Gas			
49	353 Lines			
50	354 Compressor Station Equipment			
51	355 Measuring and Regulating Equipment			
52	356 Purification Equipment			
53	357 Other Equipment			
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)			
55	Other Storage Plant			
56	360 Land and Land Rights	236,939		
57	361 Structures and Improvements	2,141,693		265,464
58	362 Gas Holders	4,081,046		
59	363 Purification Equipment	6,262,151		344,291
60	363.1 Liquefaction Equipment			
61	363.2 Vaporizing Equipment			
62	363.3 Compressor Equipment			
63	363.4 Measuring and Regulating Equipment			
64	363.5 Other Equipment			
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	12,721,829		609,755
66	Base Load Liquefied Natural Gas Terminating and Processing Plant			
67	364.1 Land and Land Rights			
68	364.2 Structures and Improvements			
69	364.3 LNG Processing Terminal Equipment			
70	364.4 LNG Transportation Equipment			
71	364.5 Measuring and Regulating Equipment			
72	364.6 Compressor Station Equipment			
73	364.7 Communications Equipment			
74	364.8 Other Equipment			
75	TOTAL Base Load Liquefied Nat'l Gas, Terminating and Processing Plant (lines 67-74)			
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	12,721,829		609,755
77	TRANSMISSION PLANT			
78	365.1 Land and Land Rights			
79	365.2 Rights-of-Way			
80	366 Structures and Improvements			

Name of Respondent	This Report Is:	Date of Report	Year Ending	
New England Gas Company, A	<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	June 30, 2006	
Rhode Island Location	<input type="checkbox"/> A Resubmission			
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
				45
				46
				47
				48
				49
				50
				51
				52
				53
				54
				55
			236,939	56
			2,407,157	57
			4,081,046	58
			6,606,442	59
			-	60
			-	61
			-	62
			-	63
			-	64
			13,331,584	65
				66
				67
				68
				69
				70
				71
				72
				73
				74
				75
			13,331,584	76
				77
				78
				79
				80

Name of Respondent		This Report is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Company		<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	June 30, 2006
Rhode Island Location		<input type="checkbox"/> A Resubmission		
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	367 Mains			
82	368 Compressor Station Equipment			
83	369 Measuring and Regulating Station Equipment			
84	370 Communication Equipment			
85	371 Other Equipment			
86	TOTAL Transmission Plant (Enter Total of lines 78 thru 85)			
87	DISTRIBUTION PLANT			
88	374 Land and Land Rights	630,121		
89	375 Structures and Improvements	8,885,885	22,625	
90	376 Mains	200,982,149	15,330,737	
91	377 Compressor Station Equipment	1,005,629		
92	378 Measuring and Regulating Station Equipment-General	3,848,077	14,999	
93	379 Measuring and Regulating Station Equipment-City Gate	6,117,771	617,526	
94	380 Services	127,868,408	12,025,461	
95	381 Meters	34,024,081	1,518,019	
96	382 Meter Installations	33,081,067	3,125,411	
97	383 House Regulators	478,676		
98	384 House Regulator Installations	614,703		
99	385 Industrial Measuring and Regulating Station Equipment	317,555		
100	386 Other Property on Customers' Premises	401,344		
101	387 Other Equipment	493,584		
102	TOTAL Distribution Plant (Enter Total of lines 88 thru 101)	418,749,050	32,654,778	
103	GENERAL PLANT			
104	389 Land and Land Rights	532,236		
105	390 Structures and Improvements	12,063,898	105,410	
106	391 Office Furniture and Equipment	9,861,213	1,051,232	
107	392 Transportation Equipment	511,587	21,167	
108	393 Stores Equipment	57,199		
109	394 Tools, Shop, and Garage Equipment	2,343,748	25,470	
110	395 Laboratory Equipment	194,978		
111	396 Power Operated Equipment	120,795		
112	397 Communication Equipment	3,045,509	217,957	
113	398 Miscellaneous Equipment	2,539,030	178,596	
114	Subtotal (Enter Total of lines 104 thru 113)	31,270,193	1,599,852	
115	399 Other Tangible Property	5,897,475		
116	TOTAL General Plant (Enter Total of lines 114 and 115)	37,167,668	1,599,852	
117	TOTAL (Accounts 101 and 106)	505,823,742	39,208,077	
118	Gas Plant Purchased (See instruction 8)			
119	(Less) Gas Plant Sold (See instruction 8)			
120	Experimental Gas Plant Unclassified			
121	TOTAL Gas Plant in Service (Enter Total of lines 117 thru 120)	505,823,742	39,208,077	

0



Name of Respondent		This Report is:	Date of Report	Year Ending
New England Gas Company, A D Rhode Island Location		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	June 30, 2006
GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106) (Continued)				
Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				81
				82
				83
				84
				85
				86
				87
			630,121	88
98,908			8,809,602	89
535,067	(786)	-	215,777,033	90
756,973			248,656	91
			3,863,076	92
			6,735,297	93
759,240			139,134,629	94
711,442			34,830,658	95
220,094			35,986,384	96
9,060			469,616	97
			614,703	98
			317,555	99
8,821			392,523	100
			493,684	101
3,099,605	(786)	-	448,303,437	102
				103
			532,236	104
34,916			12,134,392	105
580,449			10,331,996	106
23,081			509,693	107
			57,199	108
48,096			2,321,122	109
			194,978	110
21,541			99,254	111
35,225			3,228,241	112
			2,717,626	113
743,308			32,126,737	114
162,957		(5,149,773)	584,745	115
906,265			32,711,482	116
4,005,870	(786)	-	529,739,055	[1] 117
				118
				119
				120
4,005,870	(786)	-	529,739,055	121

[1] Excludes \$226,600,743 Goodwill

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report is: <b>A Resubmission</b>	Date of Report <i>(Mo, Da, Yr)</i>	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>GAS PROPERTY AND CAPACITY LEASED FROM OTHERS</b>				
1. Report below the information called for concerning gas property and capacity leased from others for gas operations.			2. For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).	
Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments For Current Year (d)
1				
2				
3				
4	N/A			
5				
6				
7				
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44				
45	TOTAL			

Name of Respondent <b>New England Gas Company, A Division</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**GAS PROPERTY AND CAPACITY LEASED TO OTHERS**

1. For all leases in which the average lease income over the initial term of the lease exceeds \$500,000 provide in column (c), a description of each facility of leased capacity that is classified as gas plant in service, and is leased to others for gas operations.
2. In column (d) provide the lease payments received from others.
3. Designate associated companies with an asterick in column (b).

Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments For Current Year (d)
1				
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4	N/A			
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44				
45	TOTAL			-

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**GAS PLANT HELD FOR FUTURE USE (ACCOUNT 105)**

1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.

2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1				
2				
3				
4	N/A			
5				
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45	TOTAL			

Name of Respondent <b>New England Gas Company, A Div</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
<b>Rhode Island Location</b>			
<b>CONSTRUCTION WORK IN PROGRESS-GAS (ACCOUNT 107)</b>			
1. Report below descriptions and balances at end of year of projects in process of construction (Account 107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development,		and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$1,000,000) may be grouped.	
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1			
2			
3	Main location	787,153	8,056,472
4	Regulator Stations	394,007	1,480,277
5	Building Renovations	495,870	2,408,043
6	AM/FM	328	
7	Other Technology	581,654	2,432,623
8	Aquidneck LNG		
9	New Main	2,270,610	1,301,876
10	Misc. Projects	(1,961,883)	14,464,430
11	sub-total	2,547,739	30,143,721
12			
13			
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23	<b>TOTAL</b>	<b>2,547,739</b>	<b>30,143,721</b>
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Name of Respondent <b>New England Gas Company, A Division of So Rhode Island Location</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

- |   |  |
|---|--|
| <p>1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.</p> | <p>2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.</p> <p>3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.</p> |
|---|--|

**Construction Overhead**

1. Administrative and General and Engineering and Supervision:
  - (A) Components of overhead cost are considered to be administrative salaries and expenses, employee fringe benefits and certain other general costs devoted to general planning and administration of construction program.
  - (B) The proportion of such overhead costs charged to construction is based upon an analysis made annually.
  - (C) The applicable monthly construction overhead is recorded in a clearing account and then capitalized to construction as a percent of direct costs to construction exclusive of overhead previously allocated.
  - (D) Overhead costs are spread equitably to all construction except certain specific work orders which may be exempted based upon circumstances of construction.
  - (E) Certain specific jobs may be exempted as company personnel may be directly assigned for the project. In those cases, all salaries and expenses are charged direct.
  - (F) Overhead charges are indirectly assigned except for those projects described in (E).
2. Allowance for Funds Used During Construction:
  - (A) AFUDC is charged to all classes of property for those specific jobs requiring more than 30 days to complete except those for purchases of equipment which are available for service upon request.
  - (B) AFUDC is compounded monthly.
  - (C) AFUDC is computed during the period of physical construction and terminates at inservice.
  - (D) Allowance for Funds Rate is calculated in accordance with Order No. 581.

**COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES**

For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.

1. Components of Formula (Derived from actual book balances and actual cost rates):			
Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
(1) Average Short-Term Debt	S		
(2) Short-Term Interest		8.80%	s 4.73%
(3) Long-Term Debt	D	45.70%	d 7.81%
(4) Preferred Stock	P	1.90%	p 1.90%
(5) Common Equity	C	43.60%	c
(6) Total Capitalization		100%	
(7) Average Construction Work in Progress Balance	W		
2. Gross Rate for Borrowed Funds $s/(S/W) + d[(D/(D + P + C))(1-(S/W))]$			
3. Rate for Other Funds $[1-(S/W)][p/(P/D + P + C) + c/(C/D + P + C)]$			
4. Weighted Average Rate Actually Used for the Year:			
a. Rate for Borrowed Funds -			
b. Rate for Other Funds -			

Name of Respondent <b>New England Gas Company, A Division of Southern</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)**

1. Explain in a footnote any important adjustments during year.  
 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, pages 204-209, column (d), excluding retirements of non-depreciable property.  
 3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.  
 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.  
 5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g. 7.01, 7.02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
<b>Section A. BALANCE AND CHANGES DURING YEAR</b>					
1	Balance Beginning of Year	241,811,930	241,811,930		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense [1]	20,957,164	20,957,164		
4	(413) Expense of Gas Plant Leased to Others				
5	Transportation Expenses - Clearing	-			
6	Other Clearing Accounts	24,469	24,469		
7	Other (Specify): <i>New England Division beg.bal.</i>				
7.01	Reclass of conversion balances	-			
8	TOTAL Deprec. Prov. for Year	20,981,633	20,981,633		
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	(10,447,602)	(10,447,602)		
11	Cost of Removal	(1,416,344)	(1,416,344)		
12	Salvage (Credit)	-	-		
13	TOTAL Net Chrgs for Plant Ret. (Total of lines 10 thru 12)	(11,863,946)	(11,863,946)		
14	Other Debit or Credit Items (Describe): Net Environmental Remediation				
14.01a	Contributions	-			
14.01b	Cost of Removal - Environmental net of accrual	(4,292,730)	(4,292,730)		
14.02	Transfers	-			
14.03	Transfer of accumulated Reserve	-			
14.04	Prior period adjustments	-			
14.05	Out of period adjustment	-			
15	Balance End of Year	246,636,887	246,636,887		
<b>Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS</b>					
16	Production-Manufactured Gas	14,371,561	14,371,561		
17	Production and Gathering- Natural Gas	-			
18	Products Extraction- Natural Gas	-			
19	Underground Gas Storage	-			
20	Other Storage Plant	-			
21	Base Load LNG Terminating and Processing Plant	-			
22	Transmission	-			
23	Distribution	212,439,388	212,439,388		
24	General	19,825,938	19,825,938		
25	TOTAL (Total of lines 16 thru 24)	246,636,887	246,636,887		

Name of Respondent <b>Southern Union Company</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**GAS STORED (ACCOUNTS 117.1, 117.2, 117.3, 117.4, 164.1, 164.2 AND 164.3)**

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustment, the Dth and dollar amount of adjustment, and account charged or credited.

2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.

3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e. fixed assets method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) 16410001 (f)	LNG (Account 164.2) 16420001 (g)	PROPANE (Account 164.3) 16430002 (h)	Total (i)
1	Balance at Beginning of Year (2)					\$16,007,288	\$4,922,766	\$398,679	\$21,328,733
2	Gas Delivered to Storage					\$24,122,262	\$6,560,715	\$1,539	\$30,684,516
3	Gas Withdrawn from Storage					(\$19,618,216)	(\$4,228,784)	(\$75,426)	(\$23,922,426)
4	Other Debits or Credits								
5	Balance at End of Year					\$20,511,334	\$7,254,697	\$324,792	\$27,766,031
6	Mcf					2,874,590	843,289	28,677	3,746,556
7	Amount Per Mcf					\$ 7.135	\$ 8.603	\$ 11.326	\$ 7.411



Name of Respondent <b>New England Gas Company, A Division of Southern Un</b> <b>Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**INVESTMENTS (ACCOUNT 123, 124, AND 136)**

1. Report below investments in Accounts 123, *Investments in Associated Companies*, 124, *Other Investments*, and 136, *Temporary Cash Investments*.

2. Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant

to authorization by the Board of Directors, and included in Account 124, *Other Investments*, state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, *Temporary Cash Investments*, also may be grouped by classes.

(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of investment  (a)	(b)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)  (c)	Purchases or Additions During Year  (d)
1			117	0
2	Investment in Boundry Gas Project		57,495	0
1	30 Acres Land - Warren		(273,622)	273,622
2	Bristol Consortium - Partnership		265,413	7,812
3	Gooding Realty Corporation		49,403	281,434
4			0	
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Name of Respondent <b>New England Gas Company, A Division</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

INVESTMENTS (ACCOUNT 123, 124, AND 136) (Continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Sales or Other Dispositions During Year  (e)	Principal Amount or No. of Shares at End of Year  (f)	Book cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)  (g)	Revenues for Year  (h)	Gain or Loss from Investment Disposed of  (i)	Line No.
117	N/A	-			1
0	57,495	57,495			2
0	25.00%	-			3
0	32.50%	273,225			4
-		330,720			5
		-			6
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Name of Respondent <b>New England Gas Company, A Division of</b> <b>Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)**

1. Report below investments in Accounts 123.1, *Investments in Subsidiary Companies*.

2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g), and (h).

(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.

(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.

3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1				
2	N/A			
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4				
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40	TOTAL Cost of Account 123.1 \$ _____		TOTAL	-

Name of Respondent <b>New England Gas Company, A Division of</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1) (Continued)

4. Designate in a footnote any securities, notes, or accounts that were pledged, and state the name of pledges and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 40, column (a) the total cost of Account 123.1.

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from investment Disposed of (h)	Line No.
N/A				1
				2
				3
				4
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Name of Respondent <b>New England Gas Company, A Division of So Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**PREPAYMENTS (ACCOUNT 165)**

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	
2	Prepaid Rents	3,952
3	Prepaid Taxes	
4	Prepaid Interest	1,901,805
5	Miscellaneous Prepayments (FAS 87 \$35,864,257, SERP \$4,173,620, Software Maint \$510,062, Misc Exp \$26,758)	40,574,697
6	<b>TOTAL</b>	<b>42,480,454</b>

**EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)**

Line No.	Description of Extraordinary Loss [include the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] Add rows as necessary to report all data. (a)	Balance at Beginning of Year (b)	Total Amount of Loss (c)	Losses Recognized During Year (d)	WRITTEN OFF DURING YEAR		Balance at End of Year (g)
					Account Charged (e)	Amount (f)	
7	<b>NONE</b>						
8							
9							
10							
11							
12							
13							
14							
15	<b>TOTAL</b>						

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [include in the description of costs, the date of Commission authorization to use Account 182.2, and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses. (a)	Balance at Beginning of Year (b)	Total Amount of Charges (c)	Costs Recognized During Year (d)	WRITTEN OFF DURING YEAR		Balance at End of Year (g)
					Account Charged (e)	Amount (f)	
16	<b>NONE</b>						
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	<b>TOTAL</b>						

Name of Respondent <b>New England Gas Company, A Division</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

OTHER REGULATORY ASSETS (ACCOUNT 182.3)

1. Reporting below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).  
 2. For regulatory assets being amortized, show period of amortization in column (a).  
 3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.  
 4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Year  (b)	Debits  (c)	WRITTEN OFF DURING YEAR		Balance at End of Year  (f)
				Account Charged (d)	Amount (e)	
1						
2						
3	Employee Vacation Accrual	695,386	104,310			799,696
4						
5	Year 2000	4,048,233		404	775,916	3,272,317
6						
7	Rate Case Expense	206,850		928,930.2	177,424	29,426
8						
9	Reg. Asset- PIPP (Forgivable)	35,537		904	33,811	1,726
10						
11	Deferred FAS 109 Expense	4,549,889				4,549,889
12						
13	Gas cost reg asset	-	1,418,408	480	236,401	1,182,007
14						
15	Regulatory Asset Pension	1,620,901			1,620,901	0
16						
17						
18						
19						
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44						
45						
46	TOTAL	11,156,796	1,522,718		2,844,453	9,835,061

Name of Respondent		This Report Is:		Date of Report		Year Ending	
New England Gas Company, A Division		<input checked="" type="checkbox"/> An Original				June 30, 2006	
Rhode Island Location		<input type="checkbox"/> A Resubmission					
MISCELLANEOUS DEFERRED DEBITS (ACCOUNT 186)							
1. Report below the details called for concerning miscellaneous deferred debits.				2. For any deferred debit being amortized, show period of amortization in column (a).			
3. Minor items (less than \$250,000) may be grouped by classes.							
Line No.	Description of Miscellaneous Deferred Debits	Balance at Beginning of Year	Debits	CREDITS		Balance at End of Year	
				Account Charged	Amount		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1							
2							
3	Deferred Networking Cost	19,706		874	7,059	12,647	
4							
5	Deferred rate case expense	0	29,661			29,661	
6							
7	Cash Value of Life Insurance	1,911,240	1,987,280	131	65,977	3,832,543	
8							
9	Mercury cleanup	787	527,624			528,411	
10							
11	Deferred Contract Expense	180,056	380,926	923	132,288	428,694	
12							
13	Deferred Pension RJF	65,497		926,431	32,711	32,786	
14							
15	IRP	24,000		186	24,000	0	
16							
17	FAS 87	357,781		253,242	47,371	310,410	
18							
19	Deferred Time Keeping	798		107	798	0	
20							
21	Merger related costs	0	119,941			119,941	
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41	Miscellaneous Work in Progress	88,543				188,153	
42		2,648,408	3,045,432		310,204	5,483,246	

Name of Respondent <b>New England Gas Company, A Division of Rhode Island Location</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report	Year Ending <b>June 30, 2006</b>
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**ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.

2. At Other (Specify), include deferrals relating to other income and deductions.

3. At lines 4 and 6, add rows as necessary to report all data. Number the additional rows in sequence 4.01, 4.02, etc. and 6.01, 6.02, etc.

Line No.	Account Subdivisions  (a)	Balance at  (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1  (c)	Amounts Credited to Account 411.1  (d)
1	Account 190 N/A			
2	Electric			
3	Gas			
4	Other (Define)			
5	Total (Total of lines 2 thru 4)			
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 190 (Total of lines 5 thru 6.?)			
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			



Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190) (Continued)

4. If more space is needed, use separate pages as required.

5. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under "Other".

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct No. (g)	Amount (h)	Acct No. (i)	(j)		
							1
							2
N/A							3
							4
							5
							6
							6.01
							6.02
							7
							8
							9
							10
							11

Name of Respondent <b>New England Gas Company, A Division of Southern Ur Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
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**CAPITAL STOCK (ACCOUNTS 201 and 204)**

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.  
 3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	N/A			
2				
3				
4				
5				
6				
7				
8				
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Name of Respondent <b>New England Gas Company, A Division</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report	Year Ending <b>June 30, 2006</b>	
Rhode Island Location						
CAPITAL STOCK (ACCOUNTS 201 and 204) (Continued)						
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative. 5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.			6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.			
OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent.)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
N/A						
						1
						2
						3
						4
						5
						6
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Name of Respondent <b>New England Gas Company, A Division of Southern Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION,  
 PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK  
 (ACCOUNTS 202, 203, 205, 206, 207, and 212)

- |  |  |
|--|--|
| <p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, <i>Common Stock Subscribed</i>, and Account 205, <i>Preferred Stock Subscribed</i>, show the subscription price and the balance due on each class at the end of year.</p> | <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, <i>Common Stock Liability for Conversion</i>, or Account 206, <i>Preferred Stock Liability for Conversion</i>, at the end of year.</p> <p>4. For Premium on Account 207, <i>Capital Stock</i>, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.</p> |
|--|--|

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1				
2	N/A			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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39				
40	TOTAL		-	-

Name of Respondent <b>New England Gas Company, A Division of Southern Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**OTHER PAID-IN CAPITAL (ACCOUNTS 208-211)**

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.  
 (a) *Donations Received from Stockholders (Account 208)* - State amount and briefly explain the origin and purpose of each donation.

(b) *Reduction in Par of stated Value of Capital Stock (Account 209)* - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) *Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210)* - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) *Miscellaneous Paid-In Capital (Account 211)* - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	N/A	
2		
3		
4		
5		
6		
7		
8		
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12		
13		
14		
15		
16		
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Name of Respondent <b>New England Gas Company, A Division of Southern Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
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**DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)**

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.

2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2	N/A	
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15	TOTAL	

**CAPITAL STOCK EXPENSE (ACCOUNT 214)**

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.

2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
16		
17	N/A	
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29	TOTAL	

Name of Respondent New England Gas Company, A Division of Southern Union	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2006
Rhode Island Location			

**SECURITIES ISSUED OR ASSUMED AND  
 SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses, relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

N/A

Name of Respondent <b>New England Gas Company, A Division of So</b>		This Report is: <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location		<input type="checkbox"/> A Resubmission		
<b>LONG-TERM DEBT (ACCOUNTS 221, 222, 223, and 224)</b>				
<p>1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, <i>Bonds</i>, 222, <i>Reacquired Bonds</i>, 223, <i>Advances from Associated Companies</i>, and 224, <i>Other Long-Term Debt</i>.</p> <p>2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p>				
Line No.	Class and Series of Obligation and Name of Stock Exchange	Nominal Date of Issue	Date of Maturity	Outstanding (Total amount outstanding without reduction for amounts held by respondent)
	(a)	(b)	(c)	(d)
1	N/A			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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39				
40	TOTAL			



Name of Respondent <b>New England Gas Company, A Division of Southern</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

LONG-TERM DEBT (ACCOUNT 221, 222, 223 and 224) (Continued)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, *Interest on Long-Term Debt* and Account 430, *Interest on Debt to Associated Companies*.

9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price Per \$100 at End of Year (i)	Line No.
Rate (In %) (e)	Amount (f)	Reacquired Bonds (Account 222) (g)	Sinking and Other Funds (h)		
N/A		-	-	-	1
		-	-	-	2
		-	-	-	3
		-	-	-	4
		-	-	-	5
		-	-	-	6
		-	-	-	7
		-	-	-	8
		-	-	-	9
		-	-	-	10
		-	-	-	11
		-	-	-	12
		-	-	-	13
		-	-	-	14
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		-	-	-	34
		-	-	-	35
		-	-	-	36
		-	-	-	37
		-	-	-	38
		-	-	-	39
		-	-	-	40

Name of Respondent <b>New England Gas Company, A Division of Southern</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (ACCOUNTS 181, 225, 226)**

- |  |  |
|--|--|
| <p>1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.</p> | <p>2. Show premium amounts by enclosing the figures in parentheses.</p> <p>3. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally</p> |
|--|--|

Line No.	Designation of Long-Term Debt  (a)	Principal Amount of Debt Issued  (b)	Total Expense, Premium or Discount  (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
1	N/A				
2					
3					
4					
5					
6					
6.1					
7					
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9					
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30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43	TOTAL	-	-		

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b> Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
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UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accts. 181, 225, 226) (Cont.)

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt Discount and Expense*, or credited to Account 429, *Amortization of Premium on Debt - Credit*.

Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)	Line No.
N/A				1
				2
				3
				4
				5
				6
				6.1
				7
				8
				9
				10
				11
				12
				13
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Name of Respondent <b>New England Gas Company, A Division of Southern</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (ACCOUNTS 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform System of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, *Amortization of Loss on Reacquired Debt*, or credited to Account 429.1, *Amortization of Gain on Reacquired Debt-Credit*.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	N/A					
2						
3						
4						
5						
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Name of Respondent <b>New England Gas Company, A Division of Sc</b>	This Report Is: <b>X</b> An Original A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such a manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
1	Income Taxes		
2	Federal	(13,441,547)	1,901,805
3	State	22,839	
4	City		
5	Taxes Other than Income		
6	Payroll	160	
7	Ad Valorem	4,403,879	
8	Gross Receipts Tax	(2,474,840)	
9	Franchise Payment - Local		
10	Franchise Tax - State		
11	City Earnings		
12	City Franchise		
13	Compensating Use		
14	Excess & Surplus Insurance		
15	Annual Reports		
16	RI Use Tax		
17			
18	<b>TOTAL</b>	<b>(11,489,509)</b>	<b>1,901,805</b>

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Electric (Account 408.1, 409.1) (j)	Gas (Account 408.1, 409.1) (i)	Other Utility Department Act 163,187 & 184 (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1	Income Taxes			
2	Federal			
3	State			
4	City			
5	Taxes Other than Income			
6	Payroll	3,187,207		
7	Ad Valorem	6,254,978		
8	Gross Receipts Tax	11,250,032		
9	Franchise Payment - Local			
10	Franchise Tax - State			
11	City Earnings			
12	City Franchise			
13	Compensating Use			
14	Excess & Surplus Insurance			
15	Annual Reports			
16	RI Use Tax	510,492		
17				
18	<b>TOTAL</b>	<b>21,202,709</b>	<b>0</b>	<b>0</b>

Name of Respondent <b>New England Gas Company, A Division of</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (l) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes Included in Acct. 165 (h)	
			(13,441,547)	1,901,805	1
			22,839		2
			-		3
			-		4
3,187,207	(3,187,409)		(42)		5
6,254,978	(6,958,703)		3,700,154		6
11,250,032	(14,351,201)		(5,576,009)		7
			-		8
			-		9
			-		10
			-		11
			-		12
			-		13
			-		14
510,492	(510,492)		-		15
			-		16
21,202,709	(25,007,805)	-	(15,294,605)	1,901,805	17
					18

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line
				1
				2
				3
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Name of Respondent <b>New England Gas Company, A Division of</b>		This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)</b>				
1. Describe and report the amount of other current and accrued liabilities at the end of year.		2. Minor items (less than \$250,000) may be grouped under appropriate title.		
Line No.	Item (a)	Balance at End of Year (b)		
1	ACCRUED VACATIONS	3,402,339		
2	ACCRUED PAYROILL	508,305		
3	DEFERRED & ACCRUED COMP	779,833		
4	ACCRUED NON-OPERATING MERGER EXPENSE	3,006,829		
5	CONTRIBUTIONS IN AID - ADVANCE PAYMENT	1,199,146		
6	CIAC - TELEMETERING DEVICES	75,740		
7	ACCRUED FAS 106 LIAB S/T	14,711,734		
8	ACCRUED PENSION	2,797,856		
9	FT2 STORAGE BALANCING	291,488		
10	MISC	(1,351)		
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
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45	TOTAL	26,771,919		

Name of Respondent New England Gas Company, A Division of Southern Union Rhode Island Location		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2006	Year Ending June 30, 2006	
OTHER DEFERRED CREDITS (ACCOUNT 253)						
1. Report below the details called for concerning other deferred credits. 2. For any deferred credits being amortized, show the period of amortization. 3. Minor items (less than \$250,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1						
2						-
3	DEFERRED DIRECTOR FEES	994,799	431	175,111	117,070	936,758
4	DEFERRED COMP LIABILITY				2,695,486	2,695,486
5	ADVANCED PAYMENTS SERVICE CONTRACTS	311,332	488	1,347,188	1,333,522	297,666
6	CONSERVATION FUND	530,106	431	1,500		528,606
7	DEFERRED PENSION FAS8 87	30,654,191	926	13,253,454	11,451,883	28,852,620
8	ACCRUED FAS 109 LIAB	1,802,439		1,802,439		-
9	MISC	5,948	Various	4,831	4,307	5,424
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
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34						-
35						-
36						-
37						-
38						-
39						-
40						-
41						-
42						-
43						-
44						-
45						-
46						-
47		34,298,815		16,584,523	15,602,268	33,316,560



Name of Respondent <b>New England Gas Company, A Division of Southern Rhode Island Location</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
<b>ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282)</b>				
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.		2. For Other, include deferrals relating to other income and deductions.		
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282 N/A			
2	Electric			
3	Gas			
4	Other (Define)			
5	Total (Enter Total of lines 2 thru 4)			
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 282 (Enter Total of lines 5 thru 6.?)			
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent <b>New England Gas Company, A Division of Southern Uni</b> <b>Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
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ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282) (Continued)

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02 and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Acct No. (g)	Amount (h)	Acct No. (i)	(j)		
							1
							2
N/A							3
							4
							5
							6
							6.01
							6.02
							7
							8
							9
							10
							11

Name of Respondent <b>New England Gas Company, A Division</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location					
<b>ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)</b>					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.			2. For Other, include deferrals relating to other income and deductions.		
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR		
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)	
1	Account 283				
2	Electric				
3	Gas (Accelerated Depreciation)	33,748,922			
4	Other (Define) FAS 109	4,259,975			
5	Total (Total of lines 2 thru 4)	38,008,897			
6	Other (Specify)				
6.01	Miscellaneous (Inter-Co Adjustment)	(5,692,502)			
6.02					
7	TOTAL Account 283 (Total of lines 5 thru 6.?)	32,316,395			
8	Classification of TOTAL				
9	Federal Income Tax				
10	State Income Tax				
11	Local Income Tax				

Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending
<b>Rhode Island Location</b>			

ACCUMULATED DEFERRED INCOME TAXES-OTHER (ACCOUNT 283) (Continued)

3. Provide in a footnote explanations for pages 276 and 277. Include amounts relating to insignificant items listed under Other.  
 4. Add additional rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02, and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account No. (g)	Amount (h)	Account No. (i)	(j)		
							1
							2
						33,748,922	3
						4,259,975	4
						38,008,897	5
						-	6
						(5,692,502)	6.01
						-	6.02
						32,316,395	7
							8
						-	9
						-	10
							11

Name of Respondent New England Gas Company, A Division of Southern Union Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2006	Year Ending June 30, 2006
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OTHER REGULATORY LIABILITIES (ACCOUNT 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).  
 2. For regulatory liabilities being amortized, show period of amortization in column (a).  
 3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Account Credited (c)	Amount (d)		
1						
2						
3	ACCRUED ENVIRONMENTAL EXPENSE	992,100	405	57,428	4,561,071	5,495,743
4	DSM REBATE PROGRAM	992,914	480	994,614	337,822	336,122
5	WEATHERIZATION PROGRAM	(250,000)	480	132	250,132	-
6	DEFERRED REVENUE NON-FIRM MARGIN	1,144,785	480	975,990	1,551,448	1,720,243
7	DEFERRED REVENUE WEATHER MITIGATION	1,656,954	480	2,938,179	690,776	(590,449)
8	DEFERRED REVENUE GCC	5,314,657	480	15,960,693	46,302,651	35,656,615
9	DEFERRED REVENUE OVER/UNDER EARNINGS	41,054	480	353,485	651,290	338,859
10	DEFERRED REVENUE DISTRIB ADJ CLAUSE	(729,641)	480		729,641	-
11	DEFERRED REVENUE RECONCILIATION FACTOR	784,246	480	2,775,225	1,568,613	(422,366)
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45	TOTAL	9,947,069		24,055,746	56,643,444	42,534,767

updated

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	
Rhode Island Location					
<b>GAS OPERATING REVENUES</b>					
1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.			3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.		
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.					
Line No.	Title of Account  (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480-484 Sales				
2	485 Intracompany Transfers	-	-	-	-
3	487 Forfeited Discounts	-	-	-	-
4	488 Miscellaneous Service Revenues	-	-	-	-
5	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities	-	-	-	-
6	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities	-	-	-	-
7	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities	-	-	-	-
8	489.4 Revenues from Storing Gas of Others	-	-	-	-
9	490 Sales of Prod. Ext. from Natural Gas	-	-	-	-
10	491 Revenues from Natural Gas Proc. by Others	-	-	-	-
11	492 Incidental Gasoline and Oil Sales	-	-	-	-
12	493 Rent from Gas Property	-	-	-	-
13	494 Interdepartmental Rents	-	-	-	-
14	495 Other Gas Revenues	-	-	-	-
15	Subtotal:	-	-	-	-
16	496 (Less) Provision for Rate Refunds	-	-	-	-
17	TOTAL:	0	0	-	-

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**GAS OPERATING REVENUES (Continued)**

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.

5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.

6. Report the revenues from transportation services that are bundled with storage services as transportation service revenue.

Line No.	OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS	
		Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amounts for Current Year (j)	Amount for Previous Year (k)
1	450,432,460	402,292,065	450,432,460	402,292,065	27,028,600	29,711,803
2	-	-	-	-		
3						
4	-	-	-	-		
5						
6						
7	11,855,999	11,844,288	11,855,999	11,844,288	7,594,329	7,717,113
8	-	-	-	-		
9	-	-	-	-		
10	-	-	-	-		
11	-	-	-	-		
12	261,000	261,000	261,000	261,000		
13						
14	880,109	893,395	880,109	893,395		
15	463,429,568	415,290,748	463,429,568	415,290,748		
16	-	-	-	-		
17	463,429,568	415,290,748	463,429,568	415,290,748		

Name of Respondent <b>New England Gas Company, A Division of Southern Union C</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (ACCOUNT 489.1)**

1. Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i.e. state in which gas enters respondent's system).  
 2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.

Line No.	Rate Schedule and Zone of Receipt  (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year  (b)	Amount for Previous Year  (c)	Amount for Current Year  (d)	Amount for Previous Year  (e)
1	N/A	-	-	-	-
2		-	-	-	-
3		-	-	-	-
4					
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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (Continued)

3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e).

4. Delivered Dth of gas must not be adjusted for discounting.

OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		Line No.
Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Current Year	Amount for Previous Year	
(f)	(g)	(h)	(i)	(j)	(k)	
N/A						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
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						25

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (ACCOUNT 489.2)**

- |  |  |
|--|--|
| <p>1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.</p> <p>2. Revenues for penalties including penalties for unauthorized</p> | <p>overruns must be reported on page 308.</p> <p>3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).</p> |
|--|--|

Line No.	Zone of Delivery, Rate Schedule  (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year  (b)	Amount for Previous Year  (c)	Amount for Current Year  (d)	Amount for Previous Year  (e)
1					
2	N/A				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b> Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
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REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (Continued)

4. Delivered Dth of gas must not be adjusted for discounting.  
 5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.  
 6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		Line No.
Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Current Year	Amount for Previous Year	
(f)	(g)	(h)	(i)	(j)	(k)	
N/A						1
						2
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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b> Rhode Island Location	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
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**REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4)**

- |   |  |
|---|--|
| <p>1. Report revenues and Dth of gas withdrawn from storage by Rate Schedule and in total.</p> <p>2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.</p> | <p>3. Other Revenues in columns (f) and (g) include reservation charges, deliverability charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e).</p> |
|---|--|

Line No.	Rate Schedule  (a)	REVENUES for Transition Cost and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	N/A				
2					
3					
4					
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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4) (Continued)

4. Dth of gas withdrawn from storage must not be adjusted for discounting.

5. Where transportation services are bundled with storage services, report only Dth withdrawn from storage.

OTHER REVENUES		TOTAL OPERATING REVENUES		DEKATHERM OF NATURAL GAS		Line No.
Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Current Year	Amount for Previous Year	
(f)	(g)	(h)	(i)	(j)	(k)	
N/A						1
						2
						3
						4
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Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>OTHER GAS REVENUES (ACCOUNT 495)</b>				
<p>1. For transactions with annual revenues of \$250,000 or more, describe, for each transaction, commissions on sales of distributions of gas of others, compensation for minor or incidental services provided for others, penalties, profit or loss on sales of material and supplies, sales of steam, water, or electricity, miscellaneous royalties, revenues from dehydration, other processing of gas of others, and gains on settlements of imbalance receivables. Separately report revenues from cash-out penalties.</p>				
Line No.	Description of Transaction (a)	Revenues (in dollars) (b)		
1				
2				
3	OTHER REVENUE - DISPLACEMENT REVENUE	829,836		
4	OTHER REVENUE - CELL TOWER RENTAL	38,870		
5	OTHER REVENUE - BROOKS FIBER OPTIC	11,303		
6	OTHER REVENUE	100		
7				
8				
9				
10				
11				
12				
13				
14				
15				
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19				
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24				
25	TOTAL	880,109		

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report is: <b>A Resubmission</b>	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>				
1. Report operation and maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnote. 2. Provide in footnotes the source of the index used to determine the price for gas supplied by shippers as reflected on line 74.				
Line No.	Account (a)	Amount for Current Year	Amount for Previous Year (c)	
1	<b>1. PRODUCTION EXPENSES</b>			
2	<b>A. Manufactured Gas Production</b>			
3	Manufactured Gas Production (Submit Supplemental Statement Page 317a)	52,530	597,309	
4	<b>B. Natural Gas Production</b>			
5	<b>B1. Natural Gas Production and Gathering</b>			
6	Operation			
7	750 Operation Supervision and Engineering			
8	751 Production Maps and Records			
9	752 Gas Well Expenses			
10	753 Field Lines Expenses			
11	754 Field Compressor Station Expenses			
12	755 Field Compressor Station Fuel and Power			
13	756 Field Measuring and Regulating Station Expenses			
14	757 Purification Expenses			
15	758 Gas Well Royalties			
16	759 Other Expenses			
17	760 Rents			
18	<b>TOTAL Operation (Total of lines 7 thru 17)</b>	-	-	
19	Maintenance			
20	761 Maintenance Supervision and Engineering			
21	762 Maintenance of Structures and Improvements			
22	763 Maintenance of Producing Gas Wells			
23	764 Maintenance of Field Lines			
24	765 Maintenance of Field Compressor Station Equipment			
25	766 Maintenance of Field Measuring and Regulating Station Equipment			
26	767 Maintenance of Purification Equipment			
27	768 Maintenance of Drilling and Cleaning Equipment			
28	769 Maintenance of Other Equipment			
29	<b>TOTAL Maintenance (Total of lines 20 thru 28)</b>	-	-	
30	<b>TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)</b>	-	-	

NEW ENGLAND GAS COMPANY  
 MANUFACTURED GAS PRODUCTION  
 SUPPLEMENTAL STATEMENT

FERC ACCOUNT	DESCRIPTION	AMOUNT CURRENT YEAR	AMOUNT PREVIOUS YEAR	
1 717	Liquid Petroleum Gas Expense	20,711	89,993	1
2 728	Liquid Petroleum Gas	27,096	493,077	2
3 735	Miscellaneous Production Expense	176	1,121	3
4 741	Maintenance of Structures & Improvements	1,543	405	
5 742	Maintenance of Production Equipment	3,004	12,713	1
6	Total	<u>52,530</u>	<u>597,309</u>	2



Name of Respondent New England Gas Company, A Division of Southern Union Co Rhode Island Location		This Report is: A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2006
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering			
34	771 Operation Labor			
35	772 Gas Shrinkage			
36	773 Fuel			
37	774 Power			
38	775 Materials			
39	776 Operation Supplies and Expenses			
40	777 Gas Processed by Others			
41	778 Royalties on Products Extracted			
42	779 Marketing Expenses			
43	780 Products Purchased for Resale			
44	781 Variation in Products Inventory			
45	(Less) 782 Extracted Products Used by the Utility - Credit			
46	783 Rents			
47	TOTAL Operation (Total of lines 33 thru 46)			
48	Maintenance			
49	784 Maintenance Supervision and Engineering			
50	785 Maintenance of Structures and Improvements			
51	786 Maintenance of Extraction and Refining Equipment			
52	787 Maintenance of Pipe Lines			
53	788 Maintenance of Extracted Products Storage Equipment			
54	789 Maintenance of Compressor Equipment			
55	790 Maintenance of Gas Measuring and Regulating Equipment		67	
56	791 Maintenance of Other Equipment			
57	TOTAL Maintenance (Total of lines 49 thru 56)		67	-
58	TOTAL Products Extraction (Total of lines 47 and 57)		67	-

Name of Respondent		This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co		A Resubmission	(Mo, Da, Yr)	June 30, 2006
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account		Amount for Current Year	Amount for Previous Year
	(a)		(b)	(c)
59	C. Exploration and Development			
60	Operation			
61	795	Delay Rentals		
62	796	Nonproductive Well Drilling		
63	797	Abandoned Leases		
64	798	Other Exploration		
65	TOTAL Exploration and Development (Total of lines 61 thru 64)		-	-
66	D. Other Gas Supply Expenses			
67	Operation			
68	800	Natural Gas Well Head Purchases		
69	800.1	Natural Gas Well Head Purchases, Intracompany Transfers		
70	801	Natural Gas Field Line Purchases		
71	802	Natural Gas Gasoline Plant Outlet Purchases		
72	803	Natural Gas Transmission Line Purchases		
73	804	Natural Gas City Gate Purchases	316,726,731	266,245,714
74	804.1	Liquefied Natural Gas Purchases		
75	805	Other Gas Purchases		
76	(Less) 805.1	Purchased Gas Cost Adjustments		12,741
77	TOTAL Purchased Gas (Total of lines 68 thru 76)		316,726,731	266,258,455
78	806	Exchange Gas		
79	Purchased Gas Expenses			
80	807.1	Well Expense - Purchased Gas		
81	807.2	Operation of Purchased Gas Measuring Stations		
82	807.3	Maintenance of Purchased Gas Measuring Stations		
83	807.4	Purchased Gas Calculations Expenses		
84	807.5	Other Purchased Gas Expenses		
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)		-	-

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2006
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage - Debit			
87	(Less) 808.2 Gas Delivered to Storage - Credit			
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit			
89	(Less) 809.2 Deliveries of Natural Gas for Processing - Credit			
90	Gas Used in Utility Operations - Credit			
91	810 Gas Used for Compressor Station Fuel - Credit			
92	811 Gas Used for Products Extraction - Credit			
93	812 Gas Used for Other Utility Operations - Credit	(237,762)	(443,288)	
94	TOTAL Gas Used in Utility Operations - Credit (Total of lines 91 thru 93)	(237,762)	(443,288)	
95	813 Other Gas Supply Expenses	(1,892,999)	(2,301,569)	
96	TOTAL Other Gas Supply Exp. (Total of lines 77, 78, 85, 86 thru 89, 94,95)	314,595,970	263,513,598	
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	314,648,567	264,110,907	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expense			
100	Operation			
101	814 Operation Supervision and Engineering			
102	815 Maps and Records			
103	816 Wells Expenses			
104	817 Lines Expenses			
105	818 Compressor Station Expenses			
106	819 Compressor Station Fuel and Power			
107	820 Measuring and Regulating Station Expenses			
108	821 Purification Expenses			
109	822 Exploration and Development			
110	823 Gas Losses			
111	824 Other Expenses			
112	825 Storage Well Royalties			
113	826 Rents			
114	TOTAL Operation (Total of lines 101 thru 113)	-	-	

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <b>Rhode Island Location</b>	Date of Report <i>(Mo, Da, Yr)</i>	Year Ending <b>June 30, 2006</b>
		<input type="checkbox"/> A Resubmission		
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance			
116	830	Maintenance Supervision and Engineering		
117	831	Maintenance of Structures and Improvements		
118	832	Maintenance of Reservoirs and Wells		
119	833	Maintenance of Lines		
120	834	Maintenance of Compressor Station Equipment		
121	835	Maintenance of Measuring and Regulating Station Equipment		
122	836	Maintenance of Purification Equipment		
123	837	Maintenance of Other Equipment		
124	TOTAL Maintenance (Total of lines 116 thru 123)		-	-
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)		-	-
126	B. Other Storage Expenses			
127	Operation			
128	840	Operation Supervision and Engineering	138	37
129	841	Operation Labor and Expenses		717,817
130	842	Rents	4,045	
131	842.1	Fuel		10,472
132	842.2	Power		236
133	842.3	Gas Losses		-
134	TOTAL Operation (Total of lines 128 thru 133)		4,183	728,562
135	Maintenance			
136	843.1	Maintenance Supervision and Engineering		
137	843.2	Maintenance of Structures and Improvements		
138	843.3	Maintenance of Gas Holders		
139	843.4	Maintenance of Purification Equipment		
140	843.5	Maintenance of Liquefaction Equipment		
141	843.6	Maintenance of Vaporizing Equipment		
142	843.7	Maintenance of Compressor Equipment		
143	843.8	Maintenance of Measuring and Regulating Equipment		
144	843.9	Maintenance of Other Equipment		
145	TOTAL Maintenance (Total of lines 136 thru 144)		-	-
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)		4,183	728,562

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminaling and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses	808,132		
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulating Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel	17,793	25,377	
158	845.2 Power			
159	845.3 Rents	34,350	23,345	
160	845.4 Demurrage Charges			
161	(Less) 845.5 Wharfage Receipts - Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Total of lines 149 thru 164)	860,275	48,722	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering		46,078	
168	847.2 Maintenance of Structures and Improvements	1,739	29,510	
169	847.3 Maintenance of LNG Processing Terminal Equipment	61,990	45,754	
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equipment	-	1,504	
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment	94,568	13,616	
175	TOTAL Maintenance (Total of lines 167 thru 174)	158,297	136,462	
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	1,018,572	185,184	
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	1,022,755	913,746	

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	<b>3. TRANSMISSION EXPENSES</b>			
179	Operation			
180	850 Operation Supervision and Engineering			
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses			
187	857 Measuring and Regulating Station Expenses			
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses			
190	860 Rents			
191	TOTAL Operation (Total of lines 180 thru 190)	-	-	
192	Maintenance			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains			
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Regulating Station Equipment			
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment			
200	TOTAL Maintenance (Total of lines 193 thru 199)	-	-	
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	-	-	
202	<b>4. DISTRIBUTION EXPENSES</b>			
203	Operation			
204	870 Operation Supervision and Engineering	523,641	850,716	
205	871 Distribution Load Dispatching	1,084,261	988,048	
206	872 Compressor Station Labor and Expenses	3,761	-	
207	873 Compressor Station Fuel and Power	112,131	82,309	

Name of Respondent		This Report is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co		A Resubmission	(Mo, Da, Yr)	June 30, 2006
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account		Amount for Current Year	Amount for Previous Year
	(a)		(b)	(c)
208	874	Mains and Services Expenses	3,895,319	3,487,834
209	875	Measuring and Regulating Station Expenses - General	95,777	178,523
210	876	Measuring and Regulating Station Expenses - Industrial		-
211	877	Measuring and Regulating Station Expenses - City Gas Check Station	80,679	
212	878	Meter and House Regulator Expenses	2,715,935	1,784,507
213	879	Customer Installations Expenses	2,768,846	2,830,207
214	880	Other Expenses	2,559,807	2,655,745
215	881	Rents	-	24
216	TOTAL Operation (Total of lines 204 thru 215)		13,840,157	12,857,913
217	Maintenance			
218	885	Maintenance Supervision and Engineering		
219	886	Maintenance of Structures and Improvements	1,606,944	836,355
220	887	Maintenance of Mains	4,107,160	3,284,003
221	888	Maintenance of Compressor Station Equipment	1,143	58
222	889	Maintenance of Measuring and Regulating Station Equipment - General	431,008	348,244
223	890	Maintenance of Meas. and Reg. Station Equipment - Industrial	148	1,168
224	891	Maintenance of Meas. and Reg. Station Equip. - City Gate Check Station	57,722	74,405
225	892	Maintenance of Services	803,572	601,950
226	893	Maintenance of Meters and House Regulators	1,105,975	1,085,477
227	894	Maintenance of Other Equipment	130,072	144,774
228	TOTAL Maintenance (Total of lines 218 thru 227)		8,243,744	6,376,434
229	TOTAL Distribution Expenses (Total of lines 216 and 228)		22,083,901	19,234,347
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901	Supervision		
233	902	Meter Reading Expenses	1,418,620	1,160,730
234	903	Customer Records and Collection Expenses	9,065,263	7,646,330

Name of Respondent		This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of		<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	June 30, 2006
Rhode Island Location		<input type="checkbox"/> A Resubmission		
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account		Amount for Current Year	Amount for Previous Year
	(a)		(b)	(c)
235	904	Uncollectible Accounts	11,501,879	7,733,557
236	905	Miscellaneous Customer Accounts Expenses	980,520	862,487
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)		22,966,282	17,403,104
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907	Supervision		
241	908	Customer Assistance Expenses		53
242	909	Information and Instructional Expenses	260,186	146,709
243	910	Miscellaneous Customer Service and Informational Expenses	385,241	382,261
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)		645,427	529,023
245	7. SALES EXPENSES			
246	Operation			
247	911	Supervision		
248	912	Demonstrating and Selling Expenses		158,782
249	913	Advertising Expenses		
250	916	Miscellaneous Sales Expenses	403,443	205,862
251	TOTAL Sales Expenses (Total of lines 247 thru 250)		403,443	364,644
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920	Administrative and General Salaries	9,008,825	9,813,728
255	921	Office Supplies and Expenses	2,962,909	3,092,890
256	(Less) 922	Administrative Expenses Transferred - Credit	(3,795,490)	(4,018,188)
257	923	Outside Services Employed	1,460,548	2,355,002
258	924	Property Insurance	700,437	829,943
259	925	Injuries and Damages	1,718,694	1,811,927
260	926	Employee Pensions and Benefits	16,329,311	16,369,843
261	927	Franchise Requirements		
262	928	Regulatory Commission Expenses	1,571,553	1,385,595
263	(Less) 929	Duplicate Charges - Credit		
264	930.1	General Advertising Expenses		
265	930.2	Miscellaneous General Expenses	2,497,373	2,993,561
266	931	Rents	343,719	124,048
267	932	Maintenance of General Plant	96,384	277,470
268	TOTAL Operation (Total of lines 254 thru 267)		32,894,263	35,035,819
269				
270	935	Maintenance of General Plant	1,838	
271	TOTAL Administrative and General Expenses (Total of lines 257 and 269)		32,896,101	35,035,819
272	TOTAL Gas O&M Expenses (Total of lines 97, 177, 201, 229, 237, 244, 251, and 270)		394,666,476	337,591,590



Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**EXCHANGE AND IMBALANCE TRANSACTIONS**

1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amounts of imbalance associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchanges.

If respondent does not have separate zones, provide totals by rate schedule. Minor exchange transactions (less than 100,000 Dth) may be grouped.

Line No.	Zone/Rate Schedule  (a)	Gas Received From Others		Gas Delivered to Others	
		Amount (b)	Mcf (c)	Amount (d)	Mcf (e)
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	-	-	-	-

Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**GAS USED IN UTILITY OPERATIONS**

1. Report below details of credits during the year to Accounts 810, 811, and 812.

2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas			
			Gas Used (Mcf)  (c)	Amount of Credit (in dollars)  (d)	Gas Used (Dth)  (e)	Amount of Credit  (f)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)	Various	110,643	237,762		
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	<b>TOTAL</b>		110,643	237,762	-	-

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (ACCOUNT 858)</b>				
1. Report below details concerning gas transported or compressed for respondent by others equaling more than 1,000,000 Dth and amounts of payments for such services during the year. Minor items (less than 1,000,000) Dth may be grouped. Also, include in column (c) amounts paid as transition costs to an upstream pipeline.		2. In column (a) give name of companies, points of delivery and receipt of gas. Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system. 3. Designate associated companies with an asterisk in column (b).		
Line No.	Name of Company and Description of Service Performed (a)	- (b)	Amount of Payment (in dollars) (c)	Dth of Gas Delivered (d)
1	N/A			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25		TOTAL		

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>OTHER GAS SUPPLY EXPENSES (ACCOUNT 813)</b>				
1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account		117.4, and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of \$250,000 or more.		
Line No.	Description (a)	Amount (in dollars) (b)		
1				
2	Marketer and Capacity Release	(1,892,999)		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTAL	(1,892,999)		

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
<b>MISCELLANEOUS GENERAL EXPENSES (ACCOUNT 930.2)</b>				
1. Provide the information requested below on miscellaneous general expenses.		2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.		
Line No.	Description (a)	Amount (in dollars) (b)		
1	Industry association dues.			
2	Experimental and general research expenses. a. Gas Research Institute (GRI) b. Other			
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent			
4	Other expenses			
5	Other Miscellaneous General Expenses                      (no items > \$250,000)	220,330		
6				
7	DSM Rebate	582,477		
8	Low Income Assistance Expense	1,694,566		
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	Total	2,497,373		

Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>		This Report Is: <u>X</u> An Original A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
Rhode Island Location				
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)				
1. Report in Section A the amounts of depreciation expense, depletion, and amortization for the accounts indicated and classified according to the plant functional groups shown.		2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are		
Section A. Summary of Depreciation, Depletion, and Amortization Charges				
Line No.	Functional Classification  (a)	Depreciation Expense (Account 403)  (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1)  (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2)  (d)
1	Intangible plant	-		
2	Production plant, manufactured gas	543,321		
3	Production and gathering plant, natural gas			
4	Environmental			
5	Products extraction plant			
6	Underground gas storage plant			
7	Other storage plant	150,417		
8	Base load LNG terminaling and processing plant			
9	Transmission plant			
10	Distribution plant	16,361,151		
11	General plant	1,353,748		
12	Common plant - gas			
13	TOTAL	18,408,637		

Name of Respondent <b>New England Gas Company, A Division</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
<b>Rhode Island Location</b>			

**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 404.1, 404.2, 404.3, 405)**  
*(Except Amortization of Acquisition Adjustments) (Continued)*

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.  
 3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in footnote the amounts and nature of the provisions and the plant items to which related.

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
2,548,527	656,049	3,204,576	Intangible plant	1
		543,321	Production plant, manufactured gas	2
		-	Production and gathering plant, natural gas	3
	625,262	625,262	Environmental	4
		-	Products extraction plant	5
		-	Underground gas storage plant	6
		150,417	Other storage plant	7
		-	Base load LNG terminaling and processing plant	8
		-	Transmission plant	9
		16,361,151	Distribution plant	10
		1,353,748	General plant	11
-	-	-	Common plant - gas	12
2,548,527	1,281,311	22,238,475	<b>TOTAL</b>	13

Name of Respondent		This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Rhode Island Location		<input checked="" type="checkbox"/> Original <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	June 30, 2006
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)				
DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS PLANT June 30, 2006				
Account Number	Depreciable Plant Base	Applied Depreciation Rates (Percent)		
<b>Intangible Plant</b>				
302	188,054			
303	3,368,139			
303	320,231	33.30		STL
303	2,941,186	20.00		STL
303	2,451,169	10.00		STL
303	566,861	7.20		
303	12,709,031	5.56		STL
303	9,991,374	4.43		STL
Total	32,536,045	1		
<b>Production Plant</b>				
304	196,998	0.00		
305	1,240,035	5.16		
307	44,561	4.59		
311	1,321,832	2.19		
320	53,082	5.89		
360	236,939	0.00		
361	2,407,158	6.12		
362	4,081,046	3.80		
363	6,606,442	4.40		
Total	16,188,093	2		
<b>Distribution Plant</b>				
3740	630,121	0.00		
3750	8,809,602	2.99		
3760	212,903,259	2.17		
3770	248,656	4.72		
3780	3,863,077	3.55		
3790	6,735,296	2.53		
3800	137,691,169	6.47		
3810	34,298,313	4.98		
3820	35,986,384	4.59		
3830	469,616	5.53		
3840	614,703	3.41		
3850	317,555	4.07		
3860	392,523	3.63		
3870	493,584	3.42		
Total	443,453,858	3		
<b>General Plant</b>				
3890	532,236	0.00		
3900	12,134,392	2.33		
3910	3,004,748	1.67		
3911	7,327,248	20.00		STL
3920	509,694	20.00		STL
3921	0	5.76		
3930	57,199	2.01		
3940	2,321,120	2.54		
3950	194,978	3.47		
3960	99,254	0.00		
3970	2,293,641	3.57		
3971	934,600	20.00		STL
3980	2,717,626	1.40		
3990	5,434,323	20.00		STL
Total	37,561,059	4		
Grand Total	529,739,055			
	0			



Name of Respondent <b>New England Gas Company, A Division of Southern Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) *Miscellaneous Amortization* (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortizations charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, *Donations*; 426.2, *Life Insurance*; 426.3, *Penalties*; 426.4, *Expenditures for Certain Civic, Political and Related Activities*; and 426.5, *Other Deductions*, of the Uniform System of Accounts.

Amounts of less than \$250,000 may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies* (Account 430) - For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5	426 Miscellaneous Income Deductions	
7	Writedown of goodwill	77,000,000
8	CSV/SERP	2,447,120
9	Donations - RIGNEF \$133,712	398,961
10	Lobbying	78,734
11	Miscellaneous	253,513
12		
13		
14	Total Account 426	80,178,328
15		
16		
17		
18		
19		
20	431 Other Interest Expense	
21	Interest D&O	117,070
22	Customers deposits	134,370
23	Other	12,855
24		
26	Total Account 431	264,295
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

Name of Respondent <b>New England Gas Company, A Division of Southern</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**REGULATORY COMMISSION EXPENSES (Account 928)**

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description <i>(Furnish name of regulatory commission or body, the docket number, and a description of the case.)</i>	Assessed by Regulatory Commission	Expenses of Utility	Total Expenses to Date	Deferred in Account 182.3 at Beginning of Year
	(a)	(b)	(c)	(d)	(e)
1	RIPUC Assessment		1,156,079	1,156,079	
2	Outside Legal and Consulting		235,851	235,851	
3	RI Rate Case amortization		177,053	177,053	29,426
4	Other		2,570	2,570	
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	Sub-Total	-	1,571,553	1,571,553	29,426

Name of Respondent <b>New England Gas Company, A Division of Southern U</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report	Year Ending <b>June 30, 2006</b>
<b>Rhode Island Location</b>			

**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to *Utility Departments, Construction, Plant Removals, and Other Accounts*, and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 74.01, 74.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	-	-	-
4	Transmission	-	-	-
5	Distribution	-	-	-
6	Customer Accounts	-	-	-
7	Customer Service and Informational	-	-	-
8	Sales	-	-	-
9	Administrative and General	-	-	-
10	TOTAL Operation (Total of lines 3 thru 9)	-	-	-
11	Maintenance			
12	Production	-	-	-
13	Transmission	-	-	-
14	Distribution	-	-	-
15	Administrative and General	-	-	-
16	TOTAL Maintenance (Total of lines 12 thru 15)	-	-	-
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)	-	-	-
19	Transmission (Total of lines 4 and 13)	-	-	-
20	Distribution (Total of lines 5 and 14)	-	-	-
21	Customer Accounts (line 6)	-	-	-
22	Customer Service and Informational (line 7)	-	-	-
23	Sales (line 8)	-	-	-
24	Administrative and General (Total of lines 9 and 15)	-	-	-
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	-	-	-
26	Gas			
27	Operation			
28	Production - Manufactured Gas	703		703
29	Production - Natural Gas (Including Exploration and Development)			-
30	Other Gas Supply			-
31	Storage, LNG Terminaling and Processing	722,557		722,557
32	Transmission			-
33	Distribution	10,904,501		10,904,501
34	Customer Accounts	5,734,255		5,734,255
35	Customer Service and Informational	376,219		376,219
36	Sales	150,403		150,403
37	Administrative and General	11,301,206		11,301,206
38	TOTAL Operation (Total of lines 28 thru 37)	29,189,844	-	29,189,844
39	Maintenance			
40	Production - Manufactured Gas	154	-	154
41	Production - Natural Gas (Including Exploration and Development)		-	-
42	Other Gas Supply	59	-	59
43	Storage, LNG Terminaling and Processing	42,519	-	42,519
44	Transmission		-	-
45	Distribution	4,729,221	-	4,729,221
46	Administrative and General		-	-
47	TOTAL Maint. (Total of lines 40 thru 46)	4,771,953	-	4,771,953

Name of Respondent New England Gas Company, A Division of Southern Uni Rhode Island Location		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report	Year Ending June 30, 2006
<b>DISTRIBUTION OF SALARIES AND WAGES (Continued)</b>				
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
48	Gas (Continued)			
49	Total Operation and Maintenance			
50	Production - Manufactured Gas (Total of lines 28 and 40)	857	-	857
51	Production - Natural Gas (Including Expl. and Dev.)(lines 29 and 41)	-	-	-
52	Other Gas Supply (Total of lines 30 and 42)	59	-	59
53	Storage, LNG Terminating and Processing (Total of lines 31 and 43)	765,076	-	765,076
54	Transmission (Total of lines 32 and 44)	-	-	-
55	Distribution (Total of lines 33 and 45)	15,633,722	-	15,633,722
56	Customer Accounts (Total of line 34)	5,734,255	-	5,734,255
57	Customer Service and Informational (Total of line 35)	376,219	-	376,219
58	Sales (Total of line 36)	150,403	-	150,403
59	Administrative and General (Total of lines 37 and 46)	11,301,206	-	11,301,206
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL ALL Utility Dept. (Total of lines 25, 59, and 61)	11,301,206	-	11,301,206
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	3,832,309		3,832,309
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	3,832,309	-	3,832,309
69	Plant Removal (By Utility Department)			
70	Electric Plant			
71	Gas Plant	612,057		612,057
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	612,057	-	612,057
74	Other Accounts (Specify):			
74.01				
74.02	184.1 Fleet		574,072	574,072
74.03	416 Non-Utility Merchandising & Jobbing		270,694	270,694
74.04				
74.05				
74.06				
74.07				
74.08				
74.09				
74.10				
74.11				
74.12				
74.13				
74.14				
74.15				
75	TOTAL Other Accounts	-	844,766	844,766
76	TOTAL SALARIES AND WAGES	38,406,163	844,766	39,250,929

Name of Respondent <b>New England Gas Company, A Division of So</b> Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2006</b>	Year Ending <b>June 30, 2006</b>
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**COMPRESSOR STATIONS**

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of Station and Location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1				
2	N/A			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
Rhode Island Location			

**COMPRESSOR STATIONS (Continued)**

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size.

and the date the unit was placed in operation.

3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Expenses (Except depreciation and taxes)		Gas for Compressor Fuel in Dth	Operation Data			Line No.
Fuel or Power (e)	Other (f)		Total Compressor Hours of Operation During Year (h)	Number of Compressors Operated at Time of Station Peak (i)	Date of Station Peak (j)	
N/A						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
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						25

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2006
<b>GAS STORAGE PROJECTS</b>				
1. Report injections and withdrawals of gas for all storage projects used by respondent.				
Line No.	Item (a)	Gas Belonging to Respondent (Dth) MMBTU (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
STORAGE OPERATIONS (in Dth)				
1	Gas Delivered to Storage			
2	July-05	442,345		442,345
3	August-05	442,350		442,350
4	September-05	428,308		428,308
5	October-05	442,685		442,685
6	November-05	132,100		132,100
7	December-05	42,661		42,661
8	January-06	21,838		21,838
9	February-06	5,673		5,673
10	March-06	68,054		68,054
11	April-06	376,245		376,245
12	May-06	390,789		390,789
13	June-06	377,820		377,820
14	TOTAL (Total of lines 2 thru 13)	3,170,868		3,170,868
15	Gas Withdrawn from Storage			
16	July-05	(534)		(534)
17	August-05	(116)		(116)
18	September-05	0		0
19	October-05	(147)		(147)
20	November-05	(63,365)		(63,365)
21	December-05	(603,416)		(603,416)
22	January-06	(782,768)		(782,768)
23	February-06	(1,031,708)		(1,031,708)
24	March-06	(427,717)		(427,717)
25	April-06	(49,720)		(49,720)
26	May-06	(1,060)		(1,060)
27	June-06	(1,038)		(1,038)
28	TOTAL (Total of lines 16 thru 27)	(2,961,589)		(2,961,589)

Name of Respondent <b>New England Gas Company, A Division of Southern</b>		This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Year Ending
Rhode Island Location				
<b>GAS STORAGE PROJECTS (Continued)</b>				
1. On line 4, enter the total storage capacity certificated by FERC. <span style="float: right;">2. Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.</span>				
Line No.	Item (a)	Total Amount (b)		
<b>STORAGE OPERATIONS</b>				
1	Top or Working Gas End of Year	N/A		
2	Cushion Gas (including Native Gas)			
3	Total Gas in Reservoir (Total of line 1 and 2)			
4	Certificated Storage Capacity			
5	Number of Injection - Withdrawal Wells			
6	Number of Observation Wells			
7	Maximum Days' Withdrawal from Storage			
8	Date of Maximum Days' Withdrawal			
9	LNG Terminal Companies (in Dth)			
10	Number of Tanks			
11	Capacity of Tanks			
12	LNG Volume			
13	Received at "Ship Rail"			
14	Transferred to Tanks			
15	Withdrawn from Tanks			
16	"Boil Off" Vaporization Loss			



Name of Respondent <b>New England Gas Company, A Division of Southern</b> <b>Rhode Island Location</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>Year Ending</b>
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**TRANSMISSION LINES**

- |   |  |
|---|--|
| <p>1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.</p> <p>2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.</p> | <p>3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.</p> <p>4. Report the number of miles of pipe to one decimal point.</p> |
|---|--|

Line No.	Designation (Identification) of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1			
2	N/A		
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
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21			
22			
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24			
25			

Name of Respondent <b>Southern Union Company</b>	This Report Is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>June 30, 2006</b>
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**TRANSMISSION SYSTEM PEAK DELIVERIES**

1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of peak information required on this page. Add rows as necessary to report all date. Number additional rows 6.01, 6.02, etc.

Line No.	Description	Dth of Gas Delivered to interstate Pipelines (b)	Dth of Gas Delivered to Others (c)	Total (b) + (c) (d)
<b>SECTION A: SINGLE DAY PEAK DELIVERIES</b>				
1	<b>Date: 01-15-06</b>			
2	Volumes of Gas Transported			
3	No-Notice Transportation			
4	Other Firm Transportation		215,546	
5	interruptible Transportation			
6	Other (Describe)			
6.01				
7	<b>TOTAL</b>		215,546	
8	Volumes of gas Withdrawn form Storage under Storage Contracts			
9	No-Notice Storage			
10	Other Firm Storage		45,672	
11	Interruptible Storage			
12	Other (Describe)			
12.01				
13	<b>TOTAL</b>		45,672	
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations			
16	Reduction in Line Pack			
17	Other (Describe)			
18	<b>TOTAL</b>			
19	<b>SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES</b>			
20	<b>Date: 02-26-06 - 02-28-06</b>			
21	Volumes of Gas Transported			
22	No-Notice Transportation			
23	Other Firm Transportation		613,494	
24	interruptible Transportation			
25	Other (Describe)			
25.01				
26	<b>TOTAL</b>		613,494	
27	Volumes of Gas Withdrawn from Storage under Storage Contracts			
28	No-Notice Storage			
29	Other Firm Storage		132,639	
30	Interruptible Storage			
31	Other (Describe)			
31.01				
32	<b>TOTAL</b>		132,639	
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations			
35	Reduction in Line Pack			
36	Other (Describe)			

Name of Respondent <b>New England Gas Company, A Division of</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>Year Ending</b>
<b>Rhode Island Location</b>			

**AUXILIARY PEAKING FACILITIES**

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.  
 2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted.

For other facilities, report the rated maximum daily delivery capacities.  
 3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?	
					Yes (e)	No (f)
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
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Name of Respondent <b>New England Gas Company, A Division of So</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending <b>Year Ending</b>
<b>Rhode Island Location</b>			

**GAS ACCOUNT - NATURAL GAS**

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent

2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3. Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.

4. Indicate in a footnote report the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.

5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.

6. Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline and, (3) the gathering line quantities that were not destined for interstate market or which were not transported through any interstate portion of the reporting pipeline.

that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year and which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.

8. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

**01 NAME OF SYSTEM**

Line No.	Item	Ref. Page No. (b)	Amount of Mcf (c)
2	<b>GAS RECEIVED</b>		
3	Gas Purchases (Accounts 800-805)		27,360,735
4	Gas of Others Received for Gathering (Account 489.1)	303	-
5	Gas of Others Received for Transmission (Account 489.2)	305	-
6	Gas of Others Received for Distribution (Account 489.3)	301	7,828,562
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	-
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	-
11	Other Gas Withdrawn from Storage (Explain) 3137302/1.026 Page 512 Line 28		3,057,303
12	Gas Received from Shippers as Compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify)		
15	Total Receipts (Total of lines 3 thru 14.?)		38,246,600
16	<b>GAS DELIVERED</b>		
17	Gas Sales (Account 480-484)	301	27,028,600
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	-
19	Deliveries of Gas Transported for Others (Account 489.2)	305	-
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	7,594,329
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchanged Gas Delivered to Others (Account 806) Manchester Street	328	7,177
23	Gas Delivered as Imbalances (Account 806)	328	-
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel - Company Use	509	112,135
27	Other Deliveries (Specify)		
28	Total Deliveries (Total of lines 17 thru 27.?)		34,742,241
29	<b>GAS UNACCOUNTED FOR</b>		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		3,504,359
34	Storage System Losses		
35	Other Losses (Specify)-Imbalances		
36	Total Unaccounted For (Total of lines 30 thru 35)		3,504,359
37	Total Deliveries & Unaccounted For (Total of lines 28 and 36)		38,246,600

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SUPPLEMENTAL TESTIMONY

OF

PETER C. CZEKANSKI

September 1, 2006

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Peter C. Czekanski. My business address is 100 Weybosset Street,  
3 Providence, RI 02903.

4 Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS DOCKET?

5 A. Yes. I previously submitted pre-filed testimony in this docket on August 1, 2006.

6 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

7 A. The purpose of this supplemental testimony is two-fold; first, to recognize the recent  
8 sale of New England Gas Company's Rhode Island gas operation to National Grid,  
9 and secondly, to provide a proposed Distribution Adjustment Charge ("DAC") for  
10 effect November 1, 2006. Specifically this testimony will (1) describe the effect of  
11 the sale to National Grid, (2) describe updates to various DAC components that were  
12 included in the August 1, 2006 filing on a preliminary basis, (3) incorporate the  
13 Earnings Sharing calculation for the fiscal year ending June 30, 2006, and (4) show  
14 the calculation of the proposed DAC.

15 Q. ARE YOU SPONSORING ANY ATTACHMENTS TO YOUR TESTIMONY?

16 A. Yes. I am sponsoring the following Attachments:

17 Updated PCC-1 Summary of Distribution Adjustment Charges

1	Updated PCC-2	System Pressure
2	Updated PCC-7	DAC Reconciliation
3	PCC-8	Earnings Sharing
4	PCC-9	Typical Customer Bill Impacts Calculation

5 **Q. PLEASE EXPLAIN THE IMPACT OF NATIONAL GRID PURCHASING**  
6 **NEW ENGLAND GAS COMPANY'S RHODE ISLAND OPERATION.**

7 A. As described in the testimony of Sharon Partridge, on August 24, 2006, The  
8 Narragansett Electric Company, doing business as National Grid in Rhode Island  
9 ("National Grid" or "Company") acquired the assets and gas business of Southern  
10 Union Company in Rhode Island, doing business as New England Gas Company. On  
11 that date, National Grid assumed the responsibilities for the regulated gas distribution  
12 business in Rhode Island, formerly operated by New England Gas Company. The  
13 acquisition was completed after the Division of Public Utilities and Carriers  
14 ("Division") approved the transaction by order dated July 25, 2006, in Division  
15 Docket No. D-06-13. As a condition to the Division's approval, National Grid agreed  
16 to honor the existing rate plan agreement of New England Gas until a new rate plan is  
17 put in place. The Division also accepted all of the tariffs of New England Gas as the  
18 tariffs of National Grid.

19 Because National Grid has assumed the tariffs and has agreed to honor the existing  
20 rate plan, the regulatory filings that were previously required of New England Gas

1 Company are now simply being filed and implemented by National Grid. Thus, the  
2 organizational change has no impact on the Commission's consideration of this filing.

3 **Q. ARE THERE ANY UPDATES TO THE VARIOUS DAC COMPONENTS THAT**  
4 **WERE INCLUDED IN THE AUGUST 1, 2006 FILING?**

5 A. Yes. There are updates to the system pressure calculation and to the DAC  
6 reconciliation component.

7 **Q. WHAT CHANGED WITH THE SYSTEM PRESSURE CALCULATION?**

8 A. The Liquefied Natural Gas ("LNG") commodity related costs used in the August 1,  
9 2006 system pressure calculation were based on preliminary cost estimates. These  
10 costs are now being updated to correspond with the LNG costs included in the  
11 Company's September 1, 2006 Gas Cost Recovery ("GCR") filing. Whereas the  
12 preliminary LNG commodity related costs allocated to the DAC were \$2,054,894, the  
13 final projected costs are \$1,857,787. The Updated Attachment PCC-2 shows the  
14 calculation of a System Pressure Factor of \$0.0054 per therm.

15 **Q. WHAT HAS BEEN REVISED ON THE ATTACHMENT PCC-7?**

16 A. Attachment PCC-7 shows the reconciliation of actual costs and revenues with the  
17 previous projections. Whereas actual throughput for the month of July 2006 is now  
18 available, Attachment PCC-7 has been updated accordingly on pages 4 through 6. In

1 addition, the interest rate has been updated to reflect the recent changes in the prime  
2 interest rate. The proposed reconciliation component is (\$0.0009) per therm.

3 **Q. HAS THE COMPANY PERFORMED THE EARNINGS SHARING**  
4 **CALCULATION FOR INCLUSION IN THIS FILING?**

5 A. Yes. As required under the provisions of the Commission approved settlement  
6 agreement in Docket No. 3401, an earnings sharing calculation for the fiscal year  
7 ending June 30, 2006 ("FY2006") is included in this docket in the testimony of Ms.  
8 Sharon Partridge. That calculation shows that the Company's earnings fell short of  
9 the earnings sharing threshold and therefore, there are no FY2006 earnings available  
10 for distribution to customers through the DAC. However, the Commission ordered  
11 several adjustments to the FY2005 earnings calculation subsequent to implementation  
12 of the currently effective DAC. Accordingly, the proposed DAC for this year  
13 includes \$310,942 of adjustments associated with the Commission's final decision on  
14 the FY2005 earnings calculation. A summary of that calculation is provided on  
15 Attachment PCC-8.

16 **Q. WHAT IS THE PROPOSED DAC CHARGE INCORPORATING THESE**  
17 **VARIOUS UPDATES?**

18 A. The proposed DAC is a charge of \$0.0003 per therm for firm service customers. This  
19 rate represents a net increase of \$0.0034 per therm from the currently effective DAC

1 rate. Updated Attachment PCC-1 provides a summary of the various components that  
2 underlie the proposed DAC rate.

3 **Q. WHAT IS THE IMPACT OF THE PROPOSED DAC ON CUSTOMERS?**

4 A. The overall impact of the proposed DAC on typical customer bills is an annual  
5 increase of approximately four dollars (\$4) or two-tenths of a percent for residential  
6 heating customers. A summary of typical customer annual bill impacts at various  
7 levels of consumption and for the various rate classes is shown on Attachment PCC-  
8 9.

9 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

10 A. Yes.

**Summary of Distribution Adjustment Charge**  
(\$ Per Therm)

Line No.	Description	reference	Factor
1	System Pressure	Updated Attach. PCC2	\$0.0054
2	Demand Side Management (DSM)	PCC Testimony	\$0.0000
3	Low Income Assistance Programs (LIAP)	PCC Testimony	\$0.0000
4	Environmental Response Cost (ERC)	Attach. PCC-4	(\$0.0019)
5	On-System Margin Credits (MC)	Attach. PCC-5	(\$0.0041)
6	Weather Normalization (WN)	Attach. PCC-6	\$0.0027
7	Earnings Sharing Mechanism (ESM)	Attach. PCC-8	(\$0.0009)
8	Reconciliation Factor (R)	Attach. PCC-7	(\$0.0009)
9	Subtotal	sum ( [1]:[8] )	\$0.0003
10	Uncollectible Percentage	Dkt 3401	2.10%
11	DAC adjusted for uncollectible	[9] / (1 - [10] )	<b>\$0.0003 per therm</b>



---

**Calculation of System Pressure Factor**

	LNG Commodity Related Costs			Total
	Withdrawal Commodity (GCR Docket)	Inventory Costs (GCR Docket)	Demand from GCR (GCR Docket)	
Nov-05	\$142,599	\$79,361	\$276,027	\$497,987
Dec-05	\$776,453	\$80,117	\$276,027	\$1,132,597
Jan-06	\$1,607,911	\$81,144	\$276,027	\$1,965,082
Feb-06	\$648,234	\$71,749	\$276,027	\$996,010
Mar-06	\$215,007	\$69,279	\$276,027	\$560,313
Apr-06	\$201,763	\$69,112	\$276,027	\$546,903
May-06	\$208,487	\$67,385	\$276,027	\$551,900
Jun-06	\$200,864	\$84,531	\$276,027	\$561,422
Jul-06	\$207,406	\$92,907	\$276,027	\$576,340
Aug-06	\$207,425	\$92,915	\$276,027	\$576,367
Sep-06	\$200,789	\$92,940	\$276,027	\$569,756
Oct-06	\$207,577	\$92,983	\$276,027	\$576,587
<b>Total</b>	<b>\$4,824,516</b>	<b>\$974,423</b>	<b>\$3,312,324</b>	<b>\$9,111,264</b>
System Balancing Factor (Dkt 3401)	0.2039	0.2039	0.2039	
GCR Costs allocated to DAC	\$983,719	\$198,685	\$675,383	\$1,857,787
Firm Thru-put				<b>34,623,207 dth</b>
System Pressure Factor				\$0.0537 per dth
System Pressure Factor				<b>\$0.0054 per Therm</b>

**Distribution Adjustment Charge Reconciliation Factor**  
(\$ per Therm)

Line No.	Description	reference	Ending Balance
1	DSM Factor - Base Rates	PCC-6, page 2	\$17,952
2	LIAP Factor - Base Rates	PCC-6, page 2	\$102,427
3	Environmental - Base Rates	PCC-6, page 3	\$74,800
4	System Pressure	PCC-6, page 4	(\$151,560)
5	Environmental - DAC	PCC-6, page 4	(\$85,793)
6	On-System Margin Credits	PCC-6, page 5	(\$137,225)
7	Weather Normalization	PCC-6, page 5	(\$195,684)
8	Earnings Sharing Mechanism	PCC-6, page 5	\$286
9	Previous Reconciliation Factor	PCC-6, page 6	\$75,646
10	Total	sum ( [1]:[9] )	(\$299,150)
11	Firm Thru-put	Nov 2006 - Oct 2007	34,623,207 dth
12	Reconciliation Factor	[10] / [11]	(\$0.0086) per dth
13	Reconciliation Factor	[12] / 10	<b>(\$0.0009) per therm</b>

12-mth end  
Jun 06

Base Rate / Fiscal Year Reconciling Components

source	Jul-05 31 (actual)	Aug-05 31 (actual)	Sep-05 30 (actual)	Oct-05 31 (actual)	Nov-05 30 (actual)	Dec-05 31 (actual)	Jan-06 31 (actual)	Feb-06 28 (actual)	Mar-06 31 (actual)	Apr-06 30 (actual)	May-06 31 (actual)	Jun-06 30 (actual)
--------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

DAC FACTORS: \$/dth

DSM Factor - Base Rates	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087
LIAP Factor - Base Rates	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519
Environmental - Base Rates	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379

RI Firm through-put (dth) 1,101,830 962,623 1,068,013 1,411,680 2,122,367 4,230,388 5,131,796 4,279,584 4,996,081 3,619,419 2,249,040 1,499,156 36,340,913

**DSM Recon. Adjustment - Base Rates**

	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	12-mth end
DSM Recon. Acct Beg. Bal.	\$0	\$246	\$1,253	\$642	\$1,570	\$6,099	\$4,816	\$10,563	\$26,743	\$26,051	\$28,650	\$29,352	\$301,496
Fest Firm Thru-put	1,130,067	1,078,005	997,326	1,517,965	2,641,173	4,080,126	5,788,557	6,130,227	4,902,274	3,903,366	2,313,064	1,348,748	35,830,897
Fest DSM Collections	\$9,832	\$9,379	\$8,677	\$13,206	\$22,978	\$35,487	\$50,360	\$53,333	\$42,850	\$33,959	\$20,124	\$11,734	\$311,729
Actual Firm Thru-put	1,101,830	962,623	1,068,013	1,411,680	2,122,367	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	32,671,977
Actual DSM Collections	\$9,586	\$6,375	\$9,292	\$12,282	\$18,465	\$36,804	\$44,647	\$37,232	\$43,466	\$31,489	\$19,567	\$13,043	\$284,248
Collection Variance	\$246	\$1,004	(\$615)	\$924	\$4,513	(\$1,307)	\$5,713	\$16,101	(\$816)	\$2,470	\$557	(\$1,309)	
Ending Balance	\$246	\$1,250	\$638	\$1,586	\$5,083	\$4,792	\$10,529	\$26,664	\$25,827	\$28,521	\$28,928	\$28,043	
Average Balance	\$123	\$748	\$946	\$1,104	\$3,327	\$5,446	\$7,672	\$18,614	\$26,335	\$27,286	\$28,928	\$28,698	
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%	5.00%	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	\$704
Interest Applied	\$0	\$3	\$4	\$4	\$16	\$24	\$34	\$79	\$124	\$129	\$146	\$142	
DSM End Balance	\$246	\$1,253	\$642	\$1,570	\$6,099	\$4,816	\$10,563	\$26,743	\$26,051	\$28,650	\$29,352	\$28,185	\$17,952

**Underr/(over) Recovery**

Underr/(over) Recovery	\$246	\$1,007	(\$611)	\$928	\$4,529	(\$1,283)	\$5,747	\$16,180	(\$692)	\$2,599	\$703	(\$1,167)	
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**LIAP Recon. Adjustment - Base Rates**

	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	12-mth end
LIAP Recon. Acct Beg. Bal.	\$0	\$1,468	\$7,472	\$3,825	\$9,367	\$36,387	\$28,731	\$63,022	\$159,540	\$155,410	\$170,916	\$175,108	\$1,793,901
Fest Firm Thru-put	1,130,067	1,078,005	997,326	1,517,965	2,641,173	4,080,126	5,788,557	6,130,227	4,902,274	3,903,366	2,313,064	1,348,748	35,830,897
Fest LIAP Collections	\$88,650	\$55,948	\$51,761	\$78,782	\$137,077	\$211,759	\$300,426	\$318,159	\$254,428	\$202,585	\$120,048	\$70,000	\$1,859,623
Actual Firm Thru-put	1,101,830	962,623	1,068,013	1,411,680	2,122,367	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	32,671,977
Actual LIAP Collections	\$7,185	\$49,960	\$55,430	\$73,266	\$110,151	\$219,557	\$266,340	\$222,110	\$259,297	\$187,848	\$116,725	\$77,806	\$1,695,675
Collection Variance	\$1,465	\$5,988	(\$3,669)	\$5,516	\$26,926	(\$7,798)	\$34,086	\$96,049	(\$4,869)	\$14,737	\$3,323	(\$7,806)	
Ending Balance	\$1,465	\$7,456	\$3,803	\$9,341	\$36,293	\$28,589	\$62,817	\$159,071	\$154,671	\$170,147	\$174,239	\$167,302	
Average Balance	\$733	\$4,462	\$5,638	\$6,583	\$22,830	\$32,488	\$45,774	\$111,046	\$157,105	\$162,778	\$172,578	\$171,205	
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%	5.00%	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	
Interest Applied	\$3	\$17	\$21	\$27	\$94	\$142	\$204	\$469	\$739	\$769	\$869	\$847	\$4,201
LIAP End Balance	\$1,468	\$7,472	\$3,825	\$9,367	\$36,387	\$28,731	\$63,022	\$159,540	\$155,410	\$170,916	\$175,108	\$168,149	\$102,427

**Underr/(over) Recovery**

Underr/(over) Recovery	\$1,468	\$6,005	(\$3,848)	\$5,543	\$27,020	(\$7,656)	\$34,290	\$96,518	(\$4,130)	\$15,506	\$4,192	(\$6,959)	
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Distribution Adjustment Charge Reconciliation Factor

Updated Attachment PCC-7  
 Docket No. 3760  
 September 1, 2006  
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Base Rate / Fiscal Year Reconciling Components

source	Jul-05 31 (actual)	Aug-05 31 (actual)	Sep-05 30 (actual)	Oct-05 31 (actual)	Nov-05 30 (actual)	Dec-05 31 (actual)	Jan-06 31 (actual)	Feb-06 28 (actual)	Mar-06 31 (actual)	Apr-06 30 (actual)	May-06 31 (actual)	Jun-06 30 (actual)	12-mth end Jun 06
<b>Environmental Recon. Adjust - Base Rates</b>													
Environmental Recon. Acct Beg. Bal.	\$0	\$1,073	\$5,458	\$2,795	\$6,842	\$26,573	\$20,982	\$46,022	\$116,504	\$113,489	\$124,813	\$127,873	\$1,310,000
Fest Firm Thru-put	1,130,067	1,078,005	997,326	1,517,965	2,641,173	4,080,126	5,788,557	6,130,227	4,902,274	3,903,366	2,313,064	1,348,748	35,830,897
Fest Environmental Collections	\$42,830	\$40,856	\$37,799	\$57,531	\$100,100	\$154,637	\$219,386	\$232,336	\$185,796	\$147,938	\$87,665	\$51,118	\$1,357,982
Actual Firm Thru-put	1,101,830	962,823	1,068,013	1,411,680	2,122,367	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	32,671,977
Actual Environmental Collections	\$41,759	\$36,483	\$40,478	\$53,503	\$80,438	\$160,332	\$194,495	\$162,196	\$189,351	\$137,176	\$85,239	\$56,818	\$1,238,268
Collection Variance	\$1,071	\$4,373	(\$2,679)	\$4,028	\$19,662	(\$5,695)	\$24,891	\$70,140	(\$3,555)	\$10,762	\$2,426	(\$5,700)	
Ending Environmental Balance	\$1,071	\$5,446	\$2,779	\$6,823	\$26,504	\$20,878	\$45,873	\$116,162	\$112,949	\$124,251	\$127,239	\$122,173	
Average Balance	\$536	\$3,259	\$4,119	\$4,809	\$16,673	\$23,725	\$33,427	\$81,092	\$114,727	\$118,870	\$126,026	\$125,023	
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%	5.00%	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	
Interest Applied	\$2	\$12	\$16	\$19	\$69	\$104	\$149	\$342	\$540	\$662	\$635	\$619	\$3,068
Environmental End Balance	\$1,073	\$5,458	\$2,795	\$6,842	\$26,573	\$20,982	\$46,022	\$116,504	\$113,489	\$124,813	\$127,873	\$122,792	\$74,800
Under/(over) Recovery	\$1,069	\$4,361	(\$2,695)	\$4,009	\$19,593	(\$5,799)	\$24,742	\$69,798	(\$4,095)	\$10,200	\$1,791	(\$6,319)	

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

SOURCE	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	12-mth end
	31 (actual)	31 (actual)	28 (actual)	31 (actual)	30 (actual)	31 (actual)	30 (actual)	31 (forecast)	31 (forecast)	30 (forecast)	31 (forecast)	Oct 06
DAC FACTORS: \$(dth)												
System Pressure	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560	\$0.0560
DSM - DAC	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)	(\$0.0010)
Environmental - DAC	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)	(\$0.0190)
On-System Margin Credits	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)	(\$0.0330)
Weather Normalization	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)	(\$0.0450)
Earnings Sharing Mechanism	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)	(\$0.0030)
Reconciliation Factor	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140	\$0.0140
Classified's	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	1,114,804	1,044,981	1,075,073	1,505,375	32,868,065

System Pressure Recon Adjust.

System Pressure Acct Beg. Balance												
Actual Costs	(\$13,993)	(\$48,125)	(\$57,825)	(\$31,378)	(\$191,018)	(\$303,250)	(\$327,286)	(\$303,795)	(\$263,986)	(\$216,948)	(\$173,275)	
Actual Collections	\$202,906	\$277,917	\$266,291	\$120,663	\$91,621	\$103,493	\$109,002	\$103,741	\$106,830	\$104,877	\$106,876	\$1,699,105
Ending Balance	\$236,902	\$281,381	\$239,657	\$279,781	\$202,687	\$125,946	\$83,953	\$62,429	\$58,519	\$60,204	\$84,301	\$1,840,613
Average Monthly Balance	(\$30,991)	(\$52,857)	(\$44,508)	(\$110,937)	(\$246,552)	(\$314,476)	(\$314,762)	(\$283,139)	(\$239,831)	(\$194,612)	(\$161,988)	
Bk America Rate less 200 Basis Points	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	6.25%	6.25%	6.25%	6.25%	
Interest Applied	(\$136)	(\$236)	(\$188)	(\$522)	(\$1,165)	(\$1,584)	(\$1,557)	(\$1,503)	(\$1,273)	(\$1,000)	(\$860)	(\$10,053)
Sys Pressure End Balance	(\$48,125)	(\$57,825)	(\$31,378)	(\$191,018)	(\$303,250)	(\$327,286)	(\$303,795)	(\$263,986)	(\$216,948)	(\$173,275)	(\$151,560)	
Under/(over) Recovery	(\$34,132)	(\$9,700)	\$26,446	(\$159,640)	(\$112,231)	(\$24,037)	\$23,492	\$39,809	\$47,038	\$43,673	\$21,715	

Environmental Recon. Adjust - DAC

Environmental Acct Beg. Balance												
Actual Firm Thru-put	(\$655,247)	(\$577,566)	(\$482,424)	(\$402,976)	(\$309,723)	(\$242,255)	(\$200,636)	(\$173,074)	(\$152,756)	(\$133,659)	(\$113,967)	
Actual Environmental Collections	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	1,114,804	1,044,981	1,075,073	1,505,375	32,868,065
Ending Environmental Balance	(\$80,377)	(\$97,504)	(\$81,312)	(\$94,926)	(\$66,769)	(\$42,732)	(\$28,484)	(\$21,181)	(\$19,855)	(\$20,426)	(\$28,602)	(\$625,554)
Average Monthly Balance	(\$615,059)	(\$528,814)	(\$441,768)	(\$355,513)	(\$275,339)	(\$220,889)	(\$186,394)	(\$162,484)	(\$142,828)	(\$123,446)	(\$99,566)	
Bk America Rate less 200 Basis Points	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	6.25%	6.25%	6.25%	6.25%	
Interest Applied	(\$2,695)	(\$2,362)	(\$1,864)	(\$1,673)	(\$1,301)	(\$1,112)	(\$922)	(\$862)	(\$758)	(\$634)	(\$529)	(\$17,480)
Environmental Recon End Balance	(\$577,566)	(\$482,424)	(\$402,976)	(\$309,723)	(\$242,255)	(\$200,636)	(\$173,074)	(\$152,756)	(\$133,659)	(\$113,967)	(\$86,793)	
Under/(over) Recovery	(\$77,682)	(\$95,142)	(\$79,448)	(\$93,253)	(\$67,468)	(\$41,620)	\$27,562	(\$20,319)	(\$19,097)	(\$19,792)	(\$28,073)	

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

source	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	12-mth end
	31 (actual)	31 (actual)	28 (actual)	31 (actual)	30 (actual)	31 (actual)	30 (actual)	31 (forecast)	31 (forecast)	30 (forecast)	31 (forecast)	Oct 06
<b>On-system Credits Recon. Adjust. - DAC</b>												
Pricing												
On-system Credit Acct Beg. Balance	(\$1,126,889)	(\$991,919)	(\$826,623)	(\$688,586)	(\$529,567)	(\$409,333)	(\$336,989)	(\$289,062)	(\$253,710)	(\$220,481)	(\$186,046)	
Actual Firm Thru-put	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	1,114,804	1,044,981	1,075,073	1,505,375	32,868,065
Actual On-system Collections	(\$199,603)	(\$169,349)	(\$141,226)	(\$164,871)	(\$119,441)	(\$74,218)	(\$49,472)	(\$36,789)	(\$34,484)	(\$35,477)	(\$49,677)	(\$1,057,054)
Ending On-system Balance	(\$987,286)	(\$822,570)	(\$685,397)	(\$523,715)	(\$407,126)	(\$335,115)	(\$287,517)	(\$252,273)	(\$219,226)	(\$185,004)	(\$136,369)	
Average Monthly Balance	(\$1,057,087)	(\$907,087)	(\$756,010)	(\$606,151)	(\$466,847)	(\$372,224)	(\$312,253)	(\$270,668)	(\$236,468)	(\$202,743)	(\$161,207)	
Bk America Rate less 200 Basis Points	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	6.25%	6.25%	6.25%	6.25%	
Interest Applied	(\$4,633)	(\$4,053)	(\$3,190)	(\$2,852)	(\$2,206)	(\$1,875)	(\$1,545)	(\$1,437)	(\$1,255)	(\$1,041)	(\$856)	(\$29,642)
On-system Credit End Balance	(\$991,919)	(\$826,623)	(\$688,586)	(\$526,567)	(\$409,333)	(\$336,989)	(\$289,062)	(\$253,710)	(\$220,481)	(\$186,046)	(\$137,225)	
Under/(over) Recovery	\$134,970	\$165,296	\$138,036	\$162,019	\$117,235	\$72,343	\$47,927	\$35,352	\$33,229	\$34,436	\$48,821	
<b>Weather Normalization - DAC</b>												
Pricing												
WNA Acct Beg. Balance	(\$1,544,782)	(\$1,360,768)	(\$1,135,400)	(\$947,203)	(\$726,307)	(\$566,481)	(\$467,872)	(\$402,558)	(\$354,396)	(\$309,128)	(\$262,214)	
Actual Firm Thru-put	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	1,114,804	1,044,981	1,075,073	1,505,375	32,868,065
Actual WNA Collections	(\$190,367)	(\$230,931)	(\$192,581)	(\$224,824)	(\$162,874)	(\$101,207)	(\$67,462)	(\$50,166)	(\$47,024)	(\$48,378)	(\$67,742)	(\$1,447,227)
Ending WNA Balance	(\$1,354,415)	(\$1,129,837)	(\$942,819)	(\$722,379)	(\$563,433)	(\$465,274)	(\$400,410)	(\$352,392)	(\$307,372)	(\$260,750)	(\$194,472)	
Average Monthly Balance	(\$1,449,598)	(\$1,245,302)	(\$1,039,109)	(\$834,791)	(\$644,870)	(\$515,877)	(\$434,141)	(\$377,475)	(\$330,884)	(\$284,939)	(\$228,343)	
Bk America Rate less 200 Basis Points	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	6.25%	6.25%	6.25%	6.25%	
Interest Applied	(\$6,353)	(\$5,563)	(\$4,384)	(\$3,928)	(\$3,048)	(\$2,598)	(\$2,148)	(\$2,004)	(\$1,756)	(\$1,464)	(\$1,212)	(\$40,911)
Weather Normalization End Balance	(\$1,360,768)	(\$1,135,400)	(\$947,203)	(\$726,307)	(\$566,481)	(\$467,872)	(\$402,558)	(\$354,396)	(\$309,128)	(\$262,214)	(\$195,884)	
Under/(over) Recovery	\$184,014	\$225,368	\$188,197	\$220,896	\$159,826	\$98,609	\$65,314	\$48,162	\$45,268	\$46,914	\$68,530	
<b>Earnings Sharings Mechanism - DAC</b>												
Pricing												
ESM Acct Beg. Balance	(\$90,345)	(\$78,022)	(\$62,941)	(\$50,341)	(\$35,555)	(\$24,839)	(\$18,200)	(\$13,782)	(\$10,502)	(\$7,415)	(\$4,219)	
Actual Firm Thru-put	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	1,114,804	1,044,981	1,075,073	1,505,375	32,868,065
Actual ESM Collections	(\$12,691)	(\$15,395)	(\$12,839)	(\$14,988)	(\$10,858)	(\$6,747)	(\$4,497)	(\$3,344)	(\$3,135)	(\$3,225)	(\$4,516)	(\$107,092)
Ending ESM Balance	(\$77,654)	(\$62,627)	(\$50,102)	(\$35,353)	(\$24,697)	(\$18,092)	(\$13,703)	(\$10,438)	(\$7,367)	(\$4,190)	(\$297)	
Average Monthly Balance	(\$84,000)	(\$70,325)	(\$56,522)	(\$42,847)	(\$30,126)	(\$21,465)	(\$15,952)	(\$12,110)	(\$8,935)	(\$5,802)	(\$1,961)	
Bk America Rate less 200 Basis Points	5.16%	5.26%	5.50%	5.54%	5.75%	5.93%	6.02%	6.25%	6.25%	6.25%	6.25%	
Interest Applied	(\$368)	(\$314)	(\$238)	(\$202)	(\$142)	(\$108)	(\$79)	(\$64)	(\$47)	(\$30)	(\$10)	(\$2,004)
Earnings Sharing End Balance	(\$78,022)	(\$62,941)	(\$50,341)	(\$35,555)	(\$24,839)	(\$18,200)	(\$13,782)	(\$10,502)	(\$7,415)	(\$4,219)	(\$285)	
Under/(over) Recovery	\$12,323	\$15,081	\$12,601	\$14,786	\$10,716	\$6,639	\$4,418	\$3,280	\$3,088	\$3,195	\$4,506	

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Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

source	Dec-05 31 (actual)	Jan-06 31 (actual)	Feb-06 28 (actual)	Mar-06 31 (actual)	Apr-06 30 (actual)	May-06 31 (actual)	Jun-06 30 (actual)	Jul-06 31 (forecast)	Aug-06 31 (forecast)	Sep-06 30 (forecast)	Oct-06 31 (forecast)	12-mth end Oct 06
Pricing Classified's Calculation	\$494,596	\$437,409	\$367,358	\$308,867	\$240,211	\$190,555	\$159,948	\$139,700	\$124,793	\$110,786	\$86,266	\$2,868,065
Actual Firm Thru-put	4,230,388	5,131,796	4,279,584	4,996,081	3,619,419	2,249,040	1,499,156	1,114,804	1,044,981	1,075,073	1,505,375	\$461,213
Actual Recon Collections	\$59,225	\$71,845	\$59,914	\$69,945	\$50,672	\$31,487	\$20,988	\$15,607	\$14,630	\$15,051	\$21,075	
Ending Recon Balance	\$435,371	\$365,564	\$307,444	\$238,922	\$189,539	\$159,068	\$138,960	\$124,093	\$110,163	\$95,735	\$75,191	
Average Monthly Balance	\$464,984	\$401,487	\$337,401	\$273,895	\$214,875	\$174,811	\$149,454	\$131,896	\$117,478	\$103,261	\$85,728	
Bk America Rate less 200 Basis Points	5.16%	5.29%	5.50%	5.54%	5.75%	5.93%	6.02%	6.25%	6.25%	6.25%	6.25%	
Interest Applied	\$2,038	\$1,794	\$1,424	\$1,289	\$1,016	\$880	\$739	\$700	\$624	\$530	\$455	
Earnings Sharing End Balance	\$437,409	\$367,358	\$308,867	\$240,211	\$190,555	\$159,948	\$139,700	\$124,793	\$110,786	\$96,266	\$75,645	\$13,576
Under/(over) Recovery	(\$57,187)	(\$70,051)	(\$58,490)	(\$68,656)	(\$49,656)	(\$30,607)	(\$20,249)	(\$14,907)	(\$14,006)	(\$14,521)	(\$20,620)	

Reconciliation Factor - DAC

Recon Factor Acct Beg. Balance	
Actual Firm Thru-put	
Actual Recon Collections	
Ending Recon Balance	
Average Monthly Balance	
Bk America Rate less 200 Basis Points	
Interest Applied	
Earnings Sharing End Balance	

## Distribution Adjustment Charge Reconciliation Factor

Updated Attachment PCC-7  
 Docket No. 3760  
 September 1, 2006  
 Page 7 of 9

## Non-Base Rate / Gas Year Reconciling Components

October 31, 2005 Ending Deferred Balances

	Forecast (1)	Actual	Variance
System Pressure	\$178,452	\$213,305	\$34,853
Environmental - DAC	\$11,670	\$8,746	(\$2,924)
On-System Margin Credits	\$14,088	\$13,073	(\$1,015)
Weather Normalization	\$176,201	\$174,153	(\$2,048)
Earnings Sharing Mechanism	\$206,820	\$205,385	(\$1,435)
Previous Reconciliation Factor	\$87,411	\$89,687	\$2,276
	\$674,642	\$704,348	\$29,706

## Notes:

(1) based on updated Attachment PCC-6, Docket 3690, Sept 1, 2005 - used to establish reconciliation component of November 2005 DAC factor



**Distribution Adjustment Charge Reconciliation Factor**

**Non-Base Rate / Gas Year Reconciling Components**

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	Jul-05 31 (actual)	Aug-05 31 (actual)	Sep-05 30 (actual)	Oct-05 31 (actual)
<b>System Pressure Recon Adjust.</b>				
System Pressure Acct Beg. Balance	\$46,081	\$83,522	\$139,849	\$185,733
Actual Costs	\$98,910	\$109,813	\$105,080	\$105,823
Actual Collections	\$61,702	\$53,907	\$59,809	\$79,054
Ending Balance	\$83,289	\$139,428	\$185,120	\$212,501
Average Monthly Balance	\$64,685	\$111,475	\$162,484	\$199,117
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%
Interest Applied	\$233	\$420	\$613	\$803
Sys Pressure End Balance	\$83,522	\$139,849	\$185,733	\$213,305
Under/(over) Recovery	\$37,441	\$56,327	\$45,884	\$27,572

**Environmental Recon. Adjust - DAC**

Environmental Acct Beg. Balance	(\$81,558)	(\$59,776)	(\$40,713)	(\$19,466)
Actual Firm Thru-put	1,101,830	962,623	1,068,013	1,411,680
Actual Environmental Collections	(\$22,037)	(\$19,252)	(\$21,360)	(\$28,234)
Ending Environmental Balance	(\$59,521)	(\$40,524)	(\$19,352)	\$8,768
Average Monthly Balance	(\$70,540)	(\$50,150)	(\$30,033)	(\$5,349)
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%
Interest Applied	(\$255)	(\$189)	(\$113)	(\$22)
On-system Credit End Balance	(\$59,776)	(\$40,713)	(\$19,466)	\$8,746
Under/(over) Recovery	\$21,782	\$19,063	\$21,247	\$28,212

**On-system Credits Recon. Adjust. - DAC**

On-system Credit Acct Beg. Balance	(\$18,684)	(\$11,025)	(\$4,315)	\$3,159
Actual Firm Thru-put	1,101,830	962,623	1,068,013	1,411,680
Actual On-system Collections	(\$7,713)	(\$6,738)	(\$7,476)	(\$9,882)
Ending On-system Balance	(\$10,971)	(\$4,286)	\$3,161	\$13,040
Average Monthly Balance	(\$14,828)	(\$7,656)	(\$577)	\$8,100
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%
Interest Applied	(\$54)	(\$29)	(\$2)	\$33
On-system Credit End Balance	(\$11,025)	(\$4,315)	\$3,159	\$13,073
Under/(over) Recovery	\$7,659	\$6,709	\$7,474	\$9,914

**Distribution Adjustment Charge Reconciliation Factor**

**Non-Base Rate / Gas Year Reconciling Components**

F:\prices\share\Dkt 3760 - DAC 2006\

	Jul-05	Aug-05	Sep-05	Oct-05
source	31 (actual)	31 (actual)	30 (actual)	31 (actual)
<b>Weather Normalization - DAC</b>				
WNA Acct Beg. Balance	\$103,903	\$120,835	\$135,758	\$152,320
Actual Firm Thru-put	1,101,830	962,623	1,068,013	1,411,680
Actual WNA Collections	(\$16,527)	(\$14,439)	(\$16,020)	(\$21,175)
Ending WNA Balance	\$120,430	\$135,275	\$151,778	\$173,495
Average Monthly Balance	\$112,167	\$128,055	\$143,768	\$162,908
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%
Interest Applied	\$405	\$483	\$542	\$657
Weather Normalization End Balance	\$120,835	\$135,758	\$152,320	\$174,153
Under/(over) Recovery	\$16,932	\$14,922	\$16,563	\$21,832

**Earnings Sharings Mechanism - DAC**

	Jul-05	Aug-05	Sep-05	Oct-05
source	31 (actual)	31 (actual)	30 (actual)	31 (actual)
<b>Earnings Sharings Mechanism - DAC</b>				
ESM Acct Beg. Balance	\$152,700	\$165,393	\$176,626	\$189,062
Actual Firm Thru-put	1,101,830	962,623	1,068,013	1,411,680
Actual ESM Collections	(\$12,120)	(\$10,589)	(\$11,748)	(\$15,528)
Ending ESM Balance	\$164,820	\$175,982	\$188,374	\$204,591
Average Monthly Balance	\$158,760	\$170,688	\$182,500	\$196,827
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%
Interest Applied	\$573	\$644	\$688	\$794
Earnings Sharing End Balance	\$165,393	\$176,626	\$189,062	\$205,385
Under/(over) Recovery	\$12,693	\$11,233	\$12,437	\$16,323

**Reconciliation Factor - DAC**

	Jul-05	Aug-05	Sep-05	Oct-05
source	31 (actual)	31 (actual)	30 (actual)	31 (actual)
<b>Reconciliation Factor - DAC</b>				
Recon Factor Acct Beg. Balance	\$155,967	\$139,973	\$126,034	\$110,459
Actual Firm Thru-put	1,101,830	962,623	1,068,013	1,411,680
Actual Recon Collections	\$16,527	\$14,439	\$16,020	\$21,175
Ending Recon Balance	\$139,440	\$125,533	\$110,014	\$89,284
Average Monthly Balance	\$147,703	\$132,753	\$118,024	\$99,871
Bk America Rate less 200 Basis Points	4.25%	4.44%	4.59%	4.75%
Interest Applied	\$533	\$501	\$445	\$403
Earnings Sharing End Balance	\$139,973	\$126,034	\$110,459	\$89,687
Under/(over) Recovery	(\$15,994)	(\$13,939)	(\$15,575)	(\$20,772)

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**Fiscal Year 2006 Earnings Sharing Calculation**

Line No.	Reference	Calculation
1	FY05 Earnings Credited to DAC SP - Attachment 1	\$0
2	FY04 Incremental Earnings Credited to DAC RJR - 6 Compliance	\$310,942
3	Total Earnings Credited to DAC (1) + (2)	\$310,942
4	Firm Thru-put Docket 3760	34,623,207 dth
5	Earnings Sharing Factor (3) / (4)	\$0.0090 per dth
6	Earnings Sharing Factor (5) / 10	<b>\$0.0009 per therm</b>

**Bill Impact Analysis with Various Levels of Consumption:**  
 Current Distribution, Current GCR and Current DAC Rates vs. 2006-2007 Proposed GCR and DAC

**Residential Heating:**

Consumption (Therms)	Nov - Oct November-05	Proposed November-05	Current Rates	Difference	% Chg	Difference due to:		
						Base Rates	GCR	DAC
776	\$1,315	\$1,312	\$3	0.2%	\$0	\$0	\$3	
828	\$1,393	\$1,390	\$3	0.2%	\$0	\$0	\$3	
880	\$1,471	\$1,468	\$3	0.2%	\$0	\$0	\$3	
932	\$1,549	\$1,546	\$3	0.2%	\$0	\$0	\$3	
983	\$1,627	\$1,623	\$3	0.2%	\$0	\$0	\$3	
<b>Typical</b>	<b>1,035</b>	<b>\$1,701</b>	<b>\$4</b>	<b>0.2%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4</b>	
	1,087	\$1,779	\$4	0.2%	\$0	\$0	\$4	
	1,139	\$1,856	\$4	0.2%	\$0	\$0	\$4	
	1,190	\$1,933	\$4	0.2%	\$0	\$0	\$4	
	1,242	\$2,010	\$4	0.2%	\$0	\$0	\$4	
	1,294	\$2,086	\$4	0.2%	\$0	\$0	\$4	

**Residential Non-Heating:**

Consumption (Therms)	Nov - Oct November-05	Proposed November-05	Current Rates	Difference	% Chg	Difference due to:		
						Base Rates	GCR	DAC
115	\$276	\$276	\$0	0.1%	\$0	\$0	\$0	
122	\$288	\$288	\$0	0.1%	\$0	\$0	\$0	
130	\$301	\$300	\$0	0.1%	\$0	\$0	\$0	
138	\$313	\$313	\$0	0.1%	\$0	\$0	\$0	
145	\$325	\$325	\$0	0.1%	\$0	\$0	\$0	
<b>Typical</b>	<b>153</b>	<b>\$337</b>	<b>\$0</b>	<b>0.1%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
	161	\$350	\$1	0.2%	\$0	\$0	\$1	
	168	\$363	\$1	0.1%	\$0	\$0	\$1	
	176	\$375	\$1	0.2%	\$0	\$0	\$1	
	184	\$387	\$1	0.2%	\$0	\$0	\$1	
	191	\$400	\$1	0.2%	\$0	\$0	\$1	

**Bill Impact Analysis with Various Levels of Consumption:**  
 Current Distribution, Current GCR and Current DAC Rates vs. 2006-2007 Proposed GCR and DAC

**C & I Small:**

Consumption (Therms)	Nov - Oct	Proposed November-05	Current Rates	Difference due to:				
				Difference	% Chg	Base Rates	GCR	DAC
932		\$1,792	\$1,789	\$3	0.2%	\$0	\$0	\$3
994		\$1,885	\$1,881	\$4	0.2%	\$0	\$0	\$4
1,056		\$1,978	\$1,974	\$4	0.2%	\$0	\$0	\$4
1,118		\$2,070	\$2,066	\$4	0.2%	\$0	\$0	\$4
1,180		\$2,162	\$2,158	\$4	0.2%	\$0	\$0	\$4
<b>Typical</b>		<b>\$2,253</b>	<b>\$2,249</b>	<b>\$4</b>	<b>0.2%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4</b>
1,304		\$2,345	\$2,340	\$5	0.2%	\$0	\$0	\$5
1,366		\$2,436	\$2,431	\$5	0.2%	\$0	\$0	\$5
1,428		\$2,527	\$2,522	\$5	0.2%	\$0	\$0	\$5
1,490		\$2,617	\$2,612	\$5	0.2%	\$0	\$0	\$5
1,553		\$2,708	\$2,703	\$5	0.2%	\$0	\$0	\$5

**C & I Medium:**

Consumption (Therms)	Nov - Oct	Proposed November-05	Current Rates	Difference due to:				
				Difference	% Chg	Base Rates	GCR	DAC
7,761		\$11,583	\$11,557	\$26	0.2%	\$0	\$0	\$26
8,278		\$12,319	\$12,291	\$28	0.2%	\$0	\$0	\$28
8,796		\$13,056	\$13,026	\$30	0.2%	\$0	\$0	\$30
9,313		\$13,792	\$13,760	\$32	0.2%	\$0	\$0	\$32
9,831		\$14,528	\$14,495	\$33	0.2%	\$0	\$0	\$33
<b>Typical</b>		<b>\$15,264</b>	<b>\$15,229</b>	<b>\$35</b>	<b>0.2%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35</b>
10,865		\$16,000	\$15,964	\$37	0.2%	\$0	\$0	\$37
11,383		\$16,737	\$16,698	\$39	0.2%	\$0	\$0	\$39
11,900		\$17,473	\$17,432	\$40	0.2%	\$0	\$0	\$40
12,418		\$18,209	\$18,167	\$42	0.2%	\$0	\$0	\$42
12,935		\$18,945	\$18,901	\$44	0.2%	\$0	\$0	\$44

**Bill Impact Analysis with Various Levels of Consumption:**  
 Current Distribution, Current GCR and Current DAC Rates vs. 2006-2007 Proposed GCR and DAC

**C & I LLF Large:**

Consumption (Therms)	Nov - Oct	Proposed November-05	Current Rates	Difference	% Chg	Difference due to:		
						Base Rates	GCR	DAC
50,456		\$73,270	\$73,098	\$172	0.2%	\$0	\$0	\$172
53,819		\$78,083	\$77,900	\$183	0.2%	\$0	\$0	\$183
57,183		\$82,895	\$82,701	\$194	0.2%	\$0	\$0	\$194
60,547		\$87,708	\$87,502	\$206	0.2%	\$0	\$0	\$206
63,910		\$92,521	\$92,303	\$217	0.2%	\$0	\$0	\$217
<b>67,274</b>		<b>\$97,333</b>	<b>\$97,104</b>	<b>\$229</b>	<b>0.2%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$229</b>
70,638		\$102,146	\$101,906	\$240	0.2%	\$0	\$0	\$240
74,001		\$106,959	\$106,707	\$252	0.2%	\$0	\$0	\$252
77,365		\$111,771	\$111,508	\$263	0.2%	\$0	\$0	\$263
80,729		\$116,584	\$116,309	\$274	0.2%	\$0	\$0	\$274
84,093		\$121,397	\$121,111	\$286	0.2%	\$0	\$0	\$286

**C & I HLF Large:**

Consumption (Therms)	Nov - Oct	Proposed November-05	Current Rates	Difference	% Chg	Difference due to:		
						Base Rates	GCR	DAC
50,456		\$67,555	\$67,384	\$172	0.3%	\$0	\$0	\$172
53,820		\$71,987	\$71,804	\$183	0.3%	\$0	\$0	\$183
57,184		\$76,419	\$76,224	\$194	0.3%	\$0	\$0	\$194
60,548		\$80,850	\$80,645	\$206	0.3%	\$0	\$0	\$206
63,911		\$85,282	\$85,065	\$217	0.3%	\$0	\$0	\$217
<b>67,275</b>		<b>\$89,714</b>	<b>\$89,485</b>	<b>\$229</b>	<b>0.3%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$229</b>
70,639		\$94,146	\$93,905	\$240	0.3%	\$0	\$0	\$240
74,003		\$98,577	\$98,326	\$252	0.3%	\$0	\$0	\$252
77,366		\$103,009	\$102,746	\$263	0.3%	\$0	\$0	\$263
80,730		\$107,441	\$107,166	\$274	0.3%	\$0	\$0	\$274
84,094		\$111,872	\$111,586	\$286	0.3%	\$0	\$0	\$286

**Bill Impact Analysis with Various Levels of Consumption:**  
 Current Distribution, Current GCR and Current DAC Rates vs. 2006-2007 Proposed GCR and DAC

**C & ILLF Extra-Large:**

Consumption (Therms)	Nov - Oct	Proposed	Current	Difference due to:						
				November-05	Rates	Difference	% Chg	Base Rates	GCR	DAC
213,468		\$279,082	\$278,356		\$726		0.3%	\$0	\$0	\$726
227,699		\$297,447	\$296,673		\$774		0.3%	\$0	\$0	\$774
241,930		\$315,812	\$314,990		\$823		0.3%	\$0	\$0	\$823
256,162		\$334,178	\$333,307		\$871		0.3%	\$0	\$0	\$871
270,393		\$352,543	\$351,624		\$919		0.3%	\$0	\$0	\$919
<b>284,624</b>		<b>\$370,909</b>	<b>\$369,941</b>		<b>\$968</b>		<b>0.3%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$968</b>
298,855		\$389,274	\$388,258		\$1,016		0.3%	\$0	\$0	\$1,016
313,086		\$407,640	\$406,575		\$1,065		0.3%	\$0	\$0	\$1,065
327,318		\$426,005	\$424,892		\$1,113		0.3%	\$0	\$0	\$1,113
341,549		\$444,371	\$443,209		\$1,161		0.3%	\$0	\$0	\$1,161
355,780		\$462,736	\$461,526		\$1,210		0.3%	\$0	\$0	\$1,210

**C & IHLF Extra-Large:**

Consumption (Therms)	Nov - Oct	Proposed	Current	Difference due to:						
				November-05	Rates	Difference	% Chg	Base Rates	GCR	DAC
205,969		\$256,945	\$256,244		\$700		0.3%	\$0	\$0	\$700
219,700		\$273,834	\$273,087		\$747		0.3%	\$0	\$0	\$747
233,431		\$290,724	\$289,930		\$794		0.3%	\$0	\$0	\$794
247,163		\$307,613	\$306,773		\$840		0.3%	\$0	\$0	\$840
260,894		\$324,503	\$323,616		\$887		0.3%	\$0	\$0	\$887
<b>274,625</b>		<b>\$341,393</b>	<b>\$340,459</b>		<b>\$934</b>		<b>0.3%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$934</b>
288,356		\$358,282	\$357,302		\$980		0.3%	\$0	\$0	\$980
302,088		\$375,172	\$374,145		\$1,027		0.3%	\$0	\$0	\$1,027
315,819		\$392,062	\$390,988		\$1,074		0.3%	\$0	\$0	\$1,074
329,550		\$408,951	\$407,831		\$1,120		0.3%	\$0	\$0	\$1,120
343,281		\$425,841	\$424,674		\$1,167		0.3%	\$0	\$0	\$1,167