

February 23, 2007

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3788 - Standard Offer Reconciliation Report

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's¹ ("Company") Standard Offer Reconciliation Report ("Report") through December 2007. The enclosed Report provides the Company's most current projection of the Standard Offer reconciliation balance through December 31, 2007 based on actual revenues and expenses through January 2007. The estimated expenses are calculated using estimated fuel index payments based on projected gas and oil futures prices as reported in the *Wall Street Journal* for January 24, 25, and 26, 2007.

As shown in the Report, the Company estimates an over-collection of approximately \$54.6 million by the end of September 2007. By the end of December 2007, the Company estimates that the over-collection will be approximately \$69.9 million.

Attachment 1, page 1, of this Report shows the Company's projected Standard Offer reconciliation balance through December 31, 2007. Pages 2 and 3 of Attachment 1 support the calculation of the Company's estimated Standard Offer revenues and expenses, respectively. Estimated revenues are determined by applying the current Standard Offer Service rate of 8.3¢ per kWh to the Company's forecasted retail Standard Offer deliveries. Standard Offer base expenses are calculated by multiplying the forecasted kWh deliveries by the base wholesale charge in effect for each period under the Company's wholesale Standard Offer supply contracts.

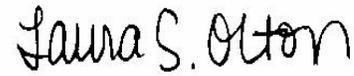
The calculation of the estimated monthly fuel index adjustment prices per kWh based on the January 24, 25, and 26, 2007 forecasted fuel prices is contained in Attachment 2. Pages 1 and 2 include the projections of natural gas and crude oil prices, respectively. The monthly weighted fuel index adjustments are calculated on page 3.

¹ The Narragansett Electric Company, d/b/a National Grid

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February 23, 2007
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Thank you for your attention to this filing. If you have any questions regarding this Report, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,

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

Laura S. Olton

Enclosures

cc: Docket 3788 Service List
Steve Scialabba, RI Division

Attachment 1

The Narragansett Electric Company
Report to the R.I.P.U.C.
Standard Offer Reconciliation

Projected Balance
for the period
October 2006 through September 2007

Submitted: February 23, 2007

Standard Offer Reconciliation
for the period October 2006 through September 2007

Projected Balance @ September 30, 2007

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(1) Oct-06	\$18,341,722	\$16,630,596	\$29,000,719	\$13,855,929	\$42,856,649	(\$26,226,053)	(\$529,549)	(\$8,413,880)	\$15,936,585
(1) Nov-06	(\$8,413,880)	\$44,273,572	\$29,451,077	\$12,529,022	\$41,980,099	\$2,293,474	(\$444,632)	(\$6,565,038)	\$21,660,088
(1) Dec-06	(\$6,565,038)	\$51,318,411	\$31,825,408	\$12,880,886	\$44,706,294	\$6,612,117	(\$126,646)	(\$79,567)	\$28,838,367
(1) Jan-07	(\$79,567)	\$52,578,061	\$34,643,929	\$9,930,718	\$44,574,647	\$8,003,414	(\$412,769)	\$7,511,079	\$33,573,329
(2) Feb-07	\$7,511,079	\$47,385,910	\$35,984,746	\$9,368,708	\$45,353,454	\$2,032,456	(\$1,199,678)	\$8,343,857	\$33,577,011
(2) Mar-07	\$8,343,857	\$45,878,462	\$34,839,994	\$8,578,720	\$43,418,713	\$2,459,749	(\$1,180,021)	\$9,623,584	\$33,783,678
(2) Apr-07	\$9,623,584	\$43,927,443	\$33,358,394	\$7,668,779	\$41,027,173	\$2,900,270	(\$1,065,293)	\$11,458,561	\$34,678,115
(2) May-07	\$11,458,561	\$42,217,372	\$32,059,770	\$6,892,113	\$38,951,883	\$3,265,488	(\$920,403)	\$13,803,646	\$39,028,971
(2) Jun-07	\$13,803,646	\$45,864,226	\$34,829,183	\$7,305,121	\$42,134,304	\$3,729,922	(\$883,513)	\$16,650,055	\$44,984,272
(2) Jul-07	\$16,650,055	\$51,516,759	\$39,121,702	\$8,006,822	\$47,128,524	\$4,388,235	(\$859,927)	\$20,178,363	\$49,860,443
(2) Aug-07	\$20,178,363	\$53,967,419	\$40,982,728	\$7,958,569	\$48,941,297	\$5,026,122	(\$774,620)	\$24,429,865	\$52,342,431
(2) Sep-07	\$24,429,865	\$50,750,119	\$38,539,518	\$7,465,770	\$46,005,288	\$4,744,830	(\$701,645)	\$28,473,050	\$52,989,933
(2)* Oct-07	\$28,473,050	\$24,516,882				\$24,516,882		\$52,989,933	
Totals	\$18,341,722	\$570,825,232	\$414,637,167	\$112,441,158	\$527,078,325	\$43,746,907	(\$9,098,697)	\$52,989,933	
Interest (3)								\$1,636,170	
Ending Balance with Interest								\$54,626,103	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(18341722+52989933)/2*((4.29\%*5/12)+(4.80\%*7/12))$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2007

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-07	\$54,626,103	\$20,059,267	\$33,851,021	\$7,067,737	\$40,918,757	(\$20,859,490)	(\$591,926)	\$33,174,688	\$58,423,578
(2) Nov-07	\$33,174,688	\$45,907,073	\$34,861,721	\$7,195,795	\$42,057,516	\$3,849,557	(\$510,137)	\$36,514,108	\$64,508,790
(2) Dec-07	\$36,514,108	\$50,899,422	\$38,652,898	\$7,953,801	\$46,606,700	\$4,292,722	(\$544,311)	\$40,262,518	\$69,126,759
(2)* Jan-08	\$40,262,518	\$28,864,240				\$28,864,240		\$69,126,759	
Totals	\$54,626,103	\$145,730,003	\$107,365,640	\$22,217,333	\$129,582,973	\$16,147,030	(\$1,646,374)	\$69,126,759	
Interest (3)								\$742,517	
Ending Balance with Interest								\$69,869,276	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(54626103+69126759)/2* (4.80\%)$

Column Notes:

- Column (a) Column (g) from previous row; beginning balance from RIPUC Docket No. 3788
- Column (b) from Page 2
- Column (c) from Page 3
- Column (d) from Page 3
- Column (e) Column (c) + Column (d)
- Column (f) Column (b) - Column (e)
- Column (g) Includes protest payments made to one of the Company's suppliers and NE_GIS expenses
Dec 2006: Last Resort Service reconciliation over recovery of \$343,357, incurred for the period October 2005 through September 2006 transferred to Standard Offer reconciliation per Commission decision in Docket No. 3788
- Column (h) Column (a) + Column (f) + Column (g)
- Column (i) Column (h) + 55% of next month's Column (b)

Standard Offer Reconciliation
Estimated Revenue through December 2007

<u>Month</u>	Estimated Standard Offer <u>Deliveries</u> (a)	Standard Offer <u>Rate</u> (b)	Total Estimated <u>Revenues</u> (c)
Oct-06	n/a	\$0.09400	n/a
Nov-06	n/a	\$0.09400	n/a
Dec-06	n/a	\$0.09400	n/a
Jan-07	n/a	\$0.08300	n/a
Feb-07	570,914,578	\$0.08300	\$47,385,910
Mar-07	552,752,556	\$0.08300	\$45,878,462
Apr-07	529,246,302	\$0.08300	\$43,927,443
May-07	508,643,033	\$0.08300	\$42,217,372
Jun-07	552,581,034	\$0.08300	\$45,864,226
Jul-07	620,683,838	\$0.08300	\$51,516,759
Aug-07	650,209,871	\$0.08300	\$53,967,419
Sep-07	611,447,214	\$0.08300	\$50,750,119
Oct-07	537,062,045	\$0.08300	\$44,576,150
Nov-07	553,097,264	\$0.08300	\$45,907,073
Dec-07	613,246,046	\$0.08300	\$50,899,422
Jan-08	632,294,424	\$0.08300	\$52,480,437

Column Notes:

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

Standard Offer Reconciliation
Estimated Standard Offer Expenses

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per kWh (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
2007								
Oct-2006	615,054,271	86.0%	n/a	\$0.05943	n/a	\$0.02804	n/a	n/a
Nov-2006	622,688,847	86.0%	n/a	\$0.05943	n/a	\$0.02539	n/a	n/a
Dec-2006	693,426,860	86.0%	n/a	\$0.05943	n/a	\$0.02364	n/a	n/a
Jan-2007	724,360,664	86.0%	n/a	\$0.06303	n/a	\$0.01783	n/a	n/a
Feb-2007	663,854,160	86.0%	570,914,578	\$0.06303	\$35,984,746	\$0.01641	\$9,368,708	\$45,353,454
Mar-2007	642,735,530	86.0%	552,752,556	\$0.06303	\$34,839,994	\$0.01552	\$8,578,720	\$43,418,713
Apr-2007	615,402,677	86.0%	529,246,302	\$0.06303	\$33,358,394	\$0.01449	\$7,668,779	\$41,027,173
May-2007	591,445,387	86.0%	508,643,033	\$0.06303	\$32,059,770	\$0.01355	\$6,892,113	\$38,951,883
Jun-2007	642,536,086	86.0%	552,581,034	\$0.06303	\$34,829,183	\$0.01322	\$7,305,121	\$42,134,304
Jul-2007	721,725,393	86.0%	620,683,838	\$0.06303	\$39,121,702	\$0.01290	\$8,006,822	\$47,128,524
Aug-2007	756,057,989	86.0%	650,209,871	\$0.06303	\$40,982,728	\$0.01224	\$7,958,569	\$48,941,297
Sep-2007	710,985,132	86.0%	611,447,214	\$0.06303	\$38,539,518	\$0.01221	\$7,465,770	\$46,005,288
Oct-2007	624,490,750	86.0%	537,062,045	\$0.06303	\$33,851,021	\$0.01316	\$7,067,737	\$40,918,757
Nov-2007	643,136,354	86.0%	553,097,264	\$0.06303	\$34,861,721	\$0.01301	\$7,195,795	\$42,057,516
Dec-2007	713,076,798	86.0%	613,246,046	\$0.06303	\$38,652,898	\$0.01297	\$7,953,801	\$46,606,700

Column Notes:

- (a) Per Company forecast
- (b) Reflects 12-month average Standard Offer kWh deliveries as a percentage of total kWh deliveries
- (c) Column (a) x Column (b)
- (d) Estimated per prices contained in wholesale standard offer contracts
- (e) Column (c) x Column (d)
- (f) from Attachment 2
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

Attachment 2

The Narragansett Electric Company

**Report to the R.I.P.U.C.
Standard Offer Reconciliation**

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

Prices published in WSJ on: 24-Jan-07 25-Jan-07 26-Jan-07

DETERMINATION OF MARKET GAS PRICE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
Contract Month	Last Month of Trading	Settlement Prices (\$/mmBtu)			Gas Index	NGrid's Market Gas Price	EUA's Market Gas Price	SOS Delivery Month
		3rd Last	2nd Last	Last				
Jan-05	Dec-04	\$6.668	\$6.160	\$6.213	\$6.347	\$6.103	n/a	Jan-05
Feb-05	Jan-05	\$6.403	\$6.388	\$6.288	\$6.360	\$6.155	n/a	Feb-05
Mar-05	Feb-05	\$6.103	\$6.311	\$6.304	\$6.239	\$6.248	n/a	Mar-05
Apr-05	Mar-05	\$7.062	\$6.999	\$7.323	\$7.128	\$6.395	n/a	Apr-05
May-05	Apr-05	\$7.153	\$7.120	\$6.748	\$7.007	\$6.491	n/a	May-05
Jun-05	May-05	\$6.349	\$6.315	\$6.123	\$6.262	\$6.456	n/a	Jun-05
Jul-05	Jun-05	\$7.360	\$7.138	\$6.976	\$7.158	\$6.525	n/a	Jul-05
Aug-05	Jul-05	\$7.284	\$7.425	\$7.647	\$7.452	\$6.646	n/a	Aug-05
Sep-05	Aug-05	\$9.770	\$9.792	\$10.847	\$10.136	\$7.058	n/a	Sep-05
Oct-05	Sep-05	\$12.440	\$12.656	\$13.907	\$13.001	\$7.687	n/a	Oct-05
Nov-05	Oct-05	\$14.338	\$14.040	\$13.832	\$14.070	\$8.195	n/a	Nov-05
Dec-05	Nov-05	\$11.614	\$11.620	\$11.180	\$11.471	\$8.553	n/a	Dec-05
Jan-06	Dec-05	\$12.283	\$11.022	\$11.431	\$11.579	\$8.989	n/a	Jan-06
Feb-06	Jan-06	\$8.460	\$8.229	\$8.400	\$8.363	\$9.156	n/a	Feb-06
Mar-06	Feb-06	\$7.283	\$7.458	\$7.112	\$7.284	\$9.243	n/a	Mar-06
Apr-06	Mar-06	\$7.067	\$7.214	\$7.233	\$7.171	\$9.246	n/a	Apr-06
May-06	Apr-06	\$7.558	\$7.254	\$7.198	\$7.337	\$9.274	n/a	May-06
Jun-06	May-06	\$5.964	\$5.975	\$5.925	\$5.955	\$9.248	n/a	Jun-06
Jul-06	Jun-06	\$5.969	\$6.107	\$5.887	\$5.988	\$9.151	n/a	Jul-06
Aug-06	Jul-06	\$6.409	\$6.887	\$7.042	\$6.779	\$9.095	n/a	Aug-06
Sep-06	Aug-06	\$7.157	\$6.472	\$6.816	\$6.815	\$8.818	n/a	Sep-06
Oct-06	Sep-06	\$4.475	\$4.526	\$4.201	\$4.401	\$8.101	n/a	Oct-06
Nov-06	Oct-06	\$7.693	\$7.497	\$7.153	\$7.448	\$7.549	n/a	Nov-06
Dec-06	Nov-06	\$7.988	\$7.998	\$8.318	\$8.101	\$7.268	n/a	Dec-06
Jan-07	Dec-06	\$6.800	\$6.635	\$6.113	\$6.516	\$6.846	n/a	Jan-07
Feb-07	Jan-07	\$7.421	\$6.905	\$7.175	\$7.167	\$6.747	n/a	Feb-07
Mar-07	Feb-07	\$7.379	\$6.910	\$7.158	\$7.149	\$6.736	n/a	Mar-07
Apr-07	Mar-07	\$7.319	\$6.950	\$7.198	\$7.156	\$6.734	n/a	Apr-07
May-07	Apr-07	\$7.354	\$7.010	\$7.256	\$7.207	\$6.723	n/a	May-07
Jun-07	May-07	\$7.406	\$7.092	\$7.336	\$7.278	\$6.834	n/a	Jun-07
Jul-07	Jun-07	\$7.476	\$7.177	\$7.421	\$7.358	\$6.948	n/a	Jul-07
Aug-07	Jul-07	\$7.543	\$7.257	\$7.501	\$7.434	\$7.002	n/a	Aug-07
Sep-07	Aug-07	\$7.600	\$7.322	\$7.561	\$7.494	\$7.059	n/a	Sep-07
Oct-07	Sep-07	\$7.724	\$7.452	\$7.696	\$7.624	\$7.328	n/a	Oct-07
Nov-07	Oct-07	\$8.229	\$7.982	\$8.226	\$8.146	\$7.386	n/a	Nov-07
Dec-07	Nov-07	\$8.749	\$8.522	\$8.756	\$8.676	\$7.434	n/a	Dec-07

Notes:

Col. A - Contract refers to the NYMEX Natural Gas Futures Contract, as approved by the CFTC, for the purchase and sale of natural gas at Henry Hub.

Col. B - Month that trading for the Contract ends (the month before the delivery month)

Col. C - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Feb-07)
- Settlement price as reported in the Wall Street Journal on 01-24-07 (Mar-07 - Dec-07)

Col. D - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Feb-07)
- Settlement price as reported in the Wall Street Journal on 01-25-07 (Mar-07 - Dec-07)

Col. E - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Feb-07)
- Settlement price as reported in the Wall Street Journal on 01-26-07 (Mar-07 - Dec-07)

Col. F - Average value of Col. C, Col. D and Col. E (=AVERAGE(Col. C.,Col. E))

Col. G - Average of the most recent twelve months of values in Col. F (including current SOS delivery month)

Col. H - Average of the most recent six months of values in Col. F (ending month prior to SOS delivery month)

Col. I - month in which SOS was delivered at wholesale.

DETERMINATION OF MARKET OIL PRICE

(Col. A)	(Col. B)	(Col. HH)	(Col. II)	(Col. JJ)	(Col. KK)	(Col. LL)	(Col. MM)	(Col. NN)	(Col. OO)	(Col. PP)	(Col. QQ)	(Col. RR)
SOS Delivery Month	Trading Month	Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NGrid's Market Oil Price	EUA's Market Oil Price	Prices published in WSJ on:				
								Average	24-Jan-07	25-Jan-07	26-Jan-07	
Jan-05	Jan-05	594.00	20	6.3	4.71	4.43738	n/a	45.6400	45.64	45.64	45.64	<=Jan closing from WSJ on 12/20/04
Feb-05	Feb-05	584.70	19	6.3	4.88	4.49990	n/a	46.9100	46.91	46.91	46.91	<=Feb closing from WSJ on 01/20/05
Mar-05	Mar-05	779.75	22	6.3	5.63	4.64430	n/a	51.1500	51.15	51.15	51.15	<=Mar closing from WSJ on 02/22/05
Apr-05	Apr-05	811.40	21	6.3	6.13	4.81806	n/a	56.6200	56.62	56.62	56.62	<=Apr closing from WSJ on 03/21/05
May-05	May-05	792.25	21	6.3	5.99	4.91814	n/a	52.4400	52.44	52.44	52.44	<=May closing from WSJ on 04/20/05
Jun-05	Jun-05	900.25	22	6.3	6.50	5.06936	n/a	46.8000	46.80	46.80	46.80	<=Jun closing from WSJ on 05/20/05
Jul-05	Jul-05	844.35	20	6.3	6.70	5.26003	n/a	59.3700	59.37	59.37	59.37	<=Jul closing from WSJ on 06/22/05
Aug-05	Aug-05	1048.35	23	6.3	7.23	5.49487	n/a	57.4600	57.46	57.46	57.46	<=Aug closing from WSJ on 07/20/05
Sep-05	Sep-05	1064.75	21	6.3	8.05	5.79894	n/a	65.4500	65.45	65.45	65.45	<=Sep closing from WSJ on 08/22/05
Oct-05	Oct-05	1048.35	21	6.3	7.92	6.02252	n/a	66.2300	66.23	66.23	66.23	<=Oct closing from WSJ on 09/20/05
Nov-05	Nov-05	919.00	20	6.3	7.29	6.25192	n/a	61.3000	61.30	61.30	61.30	<=Nov closing from WSJ on 10/20/05
Dec-05	Dec-05	1020.00	21	6.3	7.71	6.56276	n/a	56.1400	56.14	56.14	56.14	<=Dec closing from WSJ on 11/18/05
Jan-06	Jan-06	948.15	20	6.3	7.53	6.79699	n/a	57.9800	57.98	57.98	57.98	<=Jan closing from WSJ on 12/20/05
Feb-06	Feb-06	911.50	19	6.3	7.61	7.02450	n/a	68.3500	68.35	68.35	68.35	<=Feb closing from WSJ on 01/20/06
Mar-06	Mar-06	1086.62	23	6.3	7.50	7.18060	n/a	61.1000	61.10	61.10	61.10	<=Mar closing from WSJ on 02/21/06
Apr-06	Apr-06	967.73	19	6.3	8.08	7.34323	n/a	60.5700	60.57	60.57	60.57	<=Apr closing from WSJ on 03/21/06
May-06	May-06	1081.50	22	6.3	7.80	7.49446	n/a	71.9500	71.95	71.95	71.95	<=May closing from WSJ on 04/20/06
Jun-06	Jun-06	1060.25	22	6.3	7.65	7.59066	n/a	69.2300	69.23	69.23	69.23	<=June closing from WSJ on 05/22/06
Jul-06	Jul-06	923.40	19	6.3	7.71	7.67509	n/a	70.3300	70.33	70.33	70.33	<=July closing from WSJ on 06/20/06
Aug-06	Aug-06	1155.05	23	6.3	7.97	7.73645	n/a	73.0800	73.08	73.08	73.08	<=Aug closing from WSJ on 07/20/06
Sep-06	Sep-06	796.22	20	6.3	6.32	7.59239	n/a	72.6300	72.63	72.63	72.63	<=Sep closing from WSJ on 08/22/06
Oct-06	Oct-06	863.40	22	6.3	6.23	7.45117	n/a	60.4600	60.46	60.46	60.46	<=Oct closing from WSJ on 09/20/06
Nov-06	Nov-06	847.60	20	6.3	6.73	7.40395	n/a	56.8200	56.82	56.82	56.82	<=Nov closing from WSJ on 10/20/06
Dec-06	Dec-06	799.00	20	6.3	6.34	7.28991	n/a	55.8100	55.81	55.81	55.81	<=Dec closing from WSJ on 11/17/06
Jan-07	Jan-07	743.10	20	6.3	5.90	7.15429	n/a	62.2100	62.21	62.21	62.21	<=Jan closing from WSJ on 12/18/06
Feb-07	Feb-07	51.99			4.93	6.93045	n/a	51.9900	51.99	51.99	51.99	<=Feb closing from WSJ on 01/19/07
Mar-07	Mar-07	55.01			5.21	6.74008	n/a	55.0067	55.37	54.23	55.42	
Apr-07	Apr-07	55.84			5.29	6.50754	n/a	55.8433	56.16	55.12	56.25	
May-07	May-07	56.56			5.36	6.30412	n/a	56.5600	56.85	55.86	56.97	
Jun-07	Jun-07	57.19			5.42	6.11848	n/a	57.1933	57.48	56.51	57.59	
Jul-07	Jul-07	57.74			5.47	5.93180	n/a	57.7433	58.02	57.07	58.14	
Aug-07	Aug-07	58.24			5.52	5.72760	n/a	58.2367	58.51	57.57	58.63	
Sep-07	Sep-07	58.67			5.56	5.66450	n/a	58.6700	58.94	58.01	59.06	
Oct-07	Oct-07	58.93			5.59	5.61096	n/a	58.9333	59.33	58.41	59.06	
Nov-07	Nov-07	59.43			5.63	5.51991	n/a	59.4333	59.70	58.79	59.81	
Dec-07	Dec-07	59.77			5.67	5.46364	n/a	59.7667	60.04	59.13	60.13	

Notes:

- Col. A - month in which SOS was delivered at wholesale.
- Col. B - month in which oil prices were quoted and delivered.
- Col. C - Col. GG - daily prices as quoted by Platt's MarketScan. (not shown)
- Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Jan-07)
 - Feb-07 Final Crude oil contract price as reported in the Wall Street Journal on 01/19/07
 - average of Crude oil contract prices as reported in the Wall Street Journal on 01-24-07, 01-25-07, and 01-26-07
- Col. II - number of non-zero values in Col. C through Col. GG.
- Col. JJ - a fixed factor of 6.3 mmBtu per bbl.
- Col. KK - Col. HH divided by (Col. II x Col. JJ) (Jan-99 - Jan-07)
 - Current month value Col. HH * Jan-07 value in Col KK/62.21 (Feb-07 - Dec-07)
 - Where 62.21 represents the Jan-07 closing value from the WSJ on <=Feb closing from WSJ on 01/19/07
- Col. LL - Average of the most recent twelve months of values in Col. KK (including current SOS delivery month)
- Col. MM - Average of the most recent six months of values in Col. KK (ending month prior to SOS delivery month)

DETERMINATION OF FUEL ADJUSTMENT VALUE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)	(Col. J)	(Col. K)	(Col. L)	(Col. M)	(Col. N)
SOS Delivery Month	NGrid's Market Gas Price	NGrid's Market Oil Price	NGrid's Fuel Value	NGrid's Fuel Trigger	NGrid's Adjustment Value	EUA's Market Gas Price	EUA's Market Oil Price	EUA's Fuel Value	EUA's Fuel Trigger	EUA's Adjustment Value	Ngrid Adjustment e/kWh	EUA Adjustment e/kWh	Weighted Adjustment e/kWh
Jan-05	\$6.10331	\$4.43738	\$10.5407	\$8.48	1.22595	n/a	n/a	n/a	n/a	n/a	1.243	n/a	0.920
Feb-05	\$6.15500	\$4.49990	\$10.6549	\$8.48	1.23848	n/a	n/a	n/a	n/a	n/a	1.312	n/a	0.971
Mar-05	\$6.24844	\$4.64430	\$10.8927	\$8.48	1.26456	n/a	n/a	n/a	n/a	n/a	1.455	n/a	1.077
Apr-05	\$6.39533	\$4.81806	\$11.2134	\$8.48	1.29971	n/a	n/a	n/a	n/a	n/a	1.648	n/a	1.220
May-05	\$6.49111	\$4.91814	\$11.4092	\$8.48	1.32119	n/a	n/a	n/a	n/a	n/a	1.767	n/a	1.307
Jun-05	\$6.45550	\$5.06936	\$11.5249	\$8.48	1.33387	n/a	n/a	n/a	n/a	n/a	1.836	n/a	1.359
Jul-05	\$6.52481	\$5.26003	\$11.7848	\$8.48	1.36237	n/a	n/a	n/a	n/a	n/a	1.993	n/a	1.475
Aug-05	\$6.64597	\$5.49487	\$12.1408	\$8.48	1.40141	n/a	n/a	n/a	n/a	n/a	2.208	n/a	1.634
Sep-05	\$7.05819	\$5.79894	\$12.8571	\$8.48	1.47995	n/a	n/a	n/a	n/a	n/a	2.640	n/a	1.953
Oct-05	\$7.68669	\$6.02252	\$13.7092	\$8.48	1.57338	n/a	n/a	n/a	n/a	n/a	3.154	n/a	2.334
Nov-05	\$8.19481	\$6.25192	\$14.4467	\$8.48	1.65425	n/a	n/a	n/a	n/a	n/a	3.598	n/a	2.663
Dec-05	\$8.55267	\$6.56276	\$15.1154	\$8.48	1.72757	n/a	n/a	n/a	n/a	n/a	4.002	n/a	2.961
Jan-06	\$8.98864	\$6.79699	\$15.7856	\$9.22	1.66589	n/a	n/a	n/a	n/a	n/a	3.929	n/a	2.907
Feb-06	\$9.15558	\$7.02450	\$16.1801	\$9.22	1.70589	n/a	n/a	n/a	n/a	n/a	4.165	n/a	3.082
Mar-06	\$9.24267	\$7.18060	\$16.4233	\$9.22	1.73055	n/a	n/a	n/a	n/a	n/a	4.310	n/a	3.190
Apr-06	\$9.24628	\$7.34323	\$16.5895	\$9.22	1.74742	n/a	n/a	n/a	n/a	n/a	4.410	n/a	3.263
May-06	\$9.27375	\$7.49446	\$16.7682	\$9.22	1.76554	n/a	n/a	n/a	n/a	n/a	4.517	n/a	3.342
Jun-06	\$9.24811	\$7.59066	\$16.8388	\$9.22	1.77270	n/a	n/a	n/a	n/a	n/a	4.559	n/a	3.374
Jul-06	\$9.15058	\$7.67509	\$16.8257	\$9.22	1.77137	n/a	n/a	n/a	n/a	n/a	4.551	n/a	3.368
Aug-06	\$9.09453	\$7.73645	\$16.8310	\$9.22	1.77190	n/a	n/a	n/a	n/a	n/a	4.554	n/a	3.370
Sep-06	\$8.81775	\$7.59239	\$16.4101	\$9.22	1.72922	n/a	n/a	n/a	n/a	n/a	4.302	n/a	3.184
Oct-06	\$8.10106	\$7.45117	\$15.5522	\$9.22	1.64221	n/a	n/a	n/a	n/a	n/a	3.789	n/a	2.804
Nov-06	\$7.54919	\$7.40395	\$14.9531	\$9.22	1.58145	n/a	n/a	n/a	n/a	n/a	3.431	n/a	2.539
Dec-06	\$7.26836	\$7.28991	\$14.5583	\$9.22	1.54141	n/a	n/a	n/a	n/a	n/a	3.194	n/a	2.364
Jan-07	\$6.84647	\$7.15429	\$14.0008	\$9.95	1.38251	n/a	n/a	n/a	n/a	n/a	2.410	n/a	1.783
Feb-07	\$6.74681	\$6.93045	\$13.6773	\$9.95	1.35196	n/a	n/a	n/a	n/a	n/a	2.217	n/a	1.641
Mar-07	\$6.73553	\$6.74008	\$13.4756	\$9.95	1.33292	n/a	n/a	n/a	n/a	n/a	2.097	n/a	1.552
Apr-07	\$6.73422	\$6.50754	\$13.2418	\$9.95	1.31084	n/a	n/a	n/a	n/a	n/a	1.958	n/a	1.449
May-07	\$6.72339	\$6.30412	\$13.0275	\$9.95	1.29060	n/a	n/a	n/a	n/a	n/a	1.831	n/a	1.355
Jun-07	\$6.83367	\$6.11848	\$12.9521	\$9.95	1.28349	n/a	n/a	n/a	n/a	n/a	1.786	n/a	1.322
Jul-07	\$6.94786	\$5.93180	\$12.8797	\$9.95	1.27664	n/a	n/a	n/a	n/a	n/a	1.743	n/a	1.290
Aug-07	\$7.00239	\$5.72760	\$12.7300	\$9.95	1.26251	n/a	n/a	n/a	n/a	n/a	1.654	n/a	1.224
Sep-07	\$7.05900	\$5.66450	\$12.7235	\$9.95	1.26190	n/a	n/a	n/a	n/a	n/a	1.650	n/a	1.221
Oct-07	\$7.32761	\$5.61096	\$12.9386	\$9.95	1.28221	n/a	n/a	n/a	n/a	n/a	1.778	n/a	1.316
Nov-07	\$7.38578	\$5.51991	\$12.9057	\$9.95	1.27910	n/a	n/a	n/a	n/a	n/a	1.758	n/a	1.301
Dec-07	\$7.43364	\$5.46364	\$12.8973	\$9.95	1.27831	n/a	n/a	n/a	n/a	n/a	1.753	n/a	1.297

Notes:

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

Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on 01-24-07, 01-25-07, and 01-26-07

Certificate of Service

I certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-delivered to the individuals listed below.



Date: February 23, 2007

Joanne M. Scanlon
National Grid

Annual Reconciliation Rate Filing – Docket No. 3788 Service list as 12/28/2006

Name/Address	E-mail Distribution	Phone/FAX
Laura S. Olton, Esq. Narragansett Electric Co. 280 Melrose St. Providence, RI 02907	Laura.olton@us.ngrid.com	401-784-7667
	Thomas.robinson@us.ngrid.com	401-784-4321
	Ronald.Gerwatowski@us.ngrid.com	
	Joanne.scanlon@us.ngrid.com	
Paul Roberti, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Proberti@riag.ri.gov	401-222-2424
	Steve.scialabba@ripuc.state.ri.us	401-222-3016
	RDIMeglio@riag.ri.gov	
	David.stearns@ripuc.state.ri.us	
William Lueker, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Wlueker@riag.ri.gov	401-222-2424 401-222-3016
John Stutz Tellus Institute 11 Arlington St. Boston MA 02116-3411	Jstutz@tellus.org	
Original & nine (9) copies file w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02889	Lmassaro@puc.state.ri.us	401-941-4500
	Cwilson@puc.state.ri.us	401-941-1691
	Anault@puc.state.ri.us	