

March 26, 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 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 February 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 February 22, 23, and 26, 2007.

As shown in the Report, the Company estimates an over-collection of approximately \$35.4 million by the end of September 2007. By the end of December 2007, the Company estimates that the over-collection will be approximately \$31.7 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 February 22, 23, 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 Filed on behalf of The Narragansett Electric Company, d/b/a National Grid (the "Company")

Luly E. Massaro, Commission Clerk
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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,



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: March 26, 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)	\$28,725,951
(1) Jan-07	(\$79,567)	\$52,373,669	\$34,643,929	\$9,930,718	\$44,574,647	\$7,799,022	(\$412,769)	\$7,306,686	\$31,779,528
(1) Feb-07	\$7,306,686	\$44,496,076	\$32,693,644	\$8,891,902	\$41,585,546	\$2,910,530	(\$355,437)	\$9,861,778	\$34,566,797
(2) Mar-07	\$9,861,778	\$44,918,215	\$34,110,784	\$9,178,469	\$43,289,253	\$1,628,962	(\$1,155,344)	\$10,335,396	\$33,989,813
(2) Apr-07	\$10,335,396	\$43,008,031	\$32,660,195	\$8,808,874	\$41,469,069	\$1,538,962	(\$1,043,017)	\$10,831,341	\$33,564,905
(2) May-07	\$10,831,341	\$41,333,752	\$31,388,752	\$8,545,629	\$39,934,381	\$1,399,372	(\$901,159)	\$11,329,553	\$36,026,905
(2) Jun-07	\$11,329,553	\$44,904,277	\$34,100,200	\$9,716,636	\$43,816,836	\$1,087,441	(\$865,193)	\$11,551,801	\$39,292,976
(2) Jul-07	\$11,551,801	\$50,438,501	\$38,302,876	\$11,418,547	\$49,721,423	\$717,077	(\$841,950)	\$11,426,928	\$40,487,756
(2) Aug-07	\$11,426,928	\$52,837,869	\$40,124,950	\$12,273,664	\$52,398,614	\$439,255	(\$758,428)	\$11,107,755	\$38,436,104
(2) Sep-07	\$11,107,755	\$49,687,907	\$37,732,877	\$12,218,436	\$49,951,313	(\$263,406)	(\$686,980)	\$10,157,369	\$34,161,107
(2)* Oct-07	\$10,157,369	\$24,003,738				\$24,003,738		\$34,161,107	
Totals	\$18,341,722	\$560,224,615	\$406,035,411	\$130,248,713	\$536,284,124	\$23,940,491	(\$8,121,105)	\$34,161,107	
Interest (3)								\$1,204,284	
Ending Balance with Interest								\$35,365,391	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(18341722+34161107)/2*((4.29\%*5/12)+(4.80\%*7/12))$

* 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	\$35,365,391	\$19,639,422	\$33,142,511	\$11,836,235	\$44,978,746	(\$25,339,324)	(\$579,709)	\$9,446,358	\$34,166,783
(2) Nov-07	\$9,446,358	\$44,946,227	\$34,132,057	\$12,736,569	\$46,868,626	(\$1,922,399)	(\$499,481)	\$7,024,479	\$34,433,225
(2) Dec-07	\$7,024,479	\$49,834,085	\$37,843,884	\$14,788,115	\$52,631,999	(\$2,797,914)	(\$532,940)	\$3,693,625	\$31,327,180
(2)* Jan-08	\$3,693,625	\$27,633,555				\$27,633,555		\$31,327,180	
Totals	\$35,365,391	\$142,053,289	\$105,118,452	\$39,360,920	\$144,479,371	(\$2,426,082)	(\$1,612,129)	\$31,327,180	
Interest (3)								\$400,155	
Ending Balance with Interest								\$31,727,335	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(35365391+31327180)/2* (4.80\%)$

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	n/a	\$0.08300	n/a	
Mar-07	541,183,316	\$0.08300	\$44,918,215	
Apr-07	518,169,054	\$0.08300	\$43,008,031	
May-07	497,997,016	\$0.08300	\$41,333,752	
Jun-07	541,015,384	\$0.08300	\$44,904,277	
Jul-07	607,692,781	\$0.08300	\$50,438,501	
Aug-07	636,600,827	\$0.08300	\$52,837,869	
Sep-07	598,649,481	\$0.08300	\$49,687,907	
Oct-07	525,821,212	\$0.08300	\$43,643,161	
Nov-07	541,520,810	\$0.08300	\$44,946,227	
Dec-07	600,410,664	\$0.08300	\$49,834,085	
Jan-08	605,335,263	\$0.08300	\$50,242,827	
Feb-08	561,205,886	\$0.08300	\$46,580,089	
Mar-08	567,758,467	\$0.08300	\$47,123,953	
Apr-08	526,729,420	\$0.08300	\$43,718,542	
May-08	506,605,613	\$0.08300	\$42,048,266	
Jun-08	551,457,165	\$0.08300	\$45,770,945	
Jul-08	621,604,160	\$0.08300	\$51,593,145	
Aug-08	650,682,868	\$0.08300	\$54,006,678	
Sep-08	610,964,118	\$0.08300	\$50,710,022	
Oct-08	535,270,516	\$0.08300	\$44,427,453	
Nov-08	541,354,058	\$0.08300	\$44,932,387	
Dec-08	603,170,279	\$0.08300	\$50,063,133	
Jan-09 full mo kWh	615,616,682	\$0.08300	\$51,096,185	\$31,727,335 (\$42,218,420)

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	84.2%	n/a	\$0.05943	n/a	\$0.02804	n/a	n/a
Nov-2006	622,688,847	84.2%	n/a	\$0.05943	n/a	\$0.02539	n/a	n/a
Dec-2006	693,426,860	84.2%	n/a	\$0.05943	n/a	\$0.02364	n/a	n/a
Jan-2007	724,360,664	84.2%	n/a	\$0.06303	n/a	\$0.01783	n/a	n/a
Feb-2007	663,854,160	84.2%	n/a	\$0.06303	n/a	\$0.01693	n/a	n/a
Mar-2007	642,735,530	84.2%	541,183,316	\$0.06303	\$34,110,784	\$0.01696	\$9,178,469	\$43,289,253
Apr-2007	615,402,677	84.2%	518,169,054	\$0.06303	\$32,660,195	\$0.01700	\$8,808,874	\$41,469,069
May-2007	591,445,387	84.2%	497,997,016	\$0.06303	\$31,388,752	\$0.01716	\$8,545,629	\$39,934,381
Jun-2007	642,536,086	84.2%	541,015,384	\$0.06303	\$34,100,200	\$0.01796	\$9,716,636	\$43,816,836
Jul-2007	721,725,393	84.2%	607,692,781	\$0.06303	\$38,302,876	\$0.01879	\$11,418,547	\$49,721,423
Aug-2007	756,057,989	84.2%	636,600,827	\$0.06303	\$40,124,950	\$0.01928	\$12,273,664	\$52,398,614
Sep-2007	710,985,132	84.2%	598,649,481	\$0.06303	\$37,732,877	\$0.02041	\$12,218,436	\$49,951,313
Oct-2007	624,490,750	84.2%	525,821,212	\$0.06303	\$33,142,511	\$0.02251	\$11,836,235	\$44,978,746
Nov-2007	643,136,354	84.2%	541,520,810	\$0.06303	\$34,132,057	\$0.02352	\$12,736,569	\$46,868,626
Dec-2007	713,076,798	84.2%	600,410,664	\$0.06303	\$37,843,884	\$0.02463	\$14,788,115	\$52,631,999

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 2008

Prices published in WSJ on: 22-Feb-07 23-Feb-07 26-Feb-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	\$7.727	\$7.755	\$7.547	\$7.676	\$6.779	n/a	Mar-07
Apr-07	Mar-07	\$7.803	\$7.806	\$7.703	\$7.771	\$6.829	n/a	Apr-07
May-07	Apr-07	\$7.880	\$7.886	\$7.784	\$7.850	\$6.872	n/a	May-07
Jun-07	May-07	\$7.955	\$7.966	\$7.868	\$7.930	\$7.037	n/a	Jun-07
Jul-07	Jun-07	\$8.040	\$8.059	\$7.960	\$8.020	\$7.206	n/a	Jul-07
Aug-07	Jul-07	\$8.115	\$8.141	\$8.042	\$8.099	\$7.316	n/a	Aug-07
Sep-07	Aug-07	\$8.168	\$8.193	\$8.094	\$8.152	\$7.428	n/a	Sep-07
Oct-07	Sep-07	\$8.266	\$8.288	\$8.189	\$8.248	\$7.748	n/a	Oct-07
Nov-07	Oct-07	\$8.771	\$8.818	\$8.744	\$8.778	\$7.859	n/a	Nov-07
Dec-07	Nov-07	\$9.271	\$9.328	\$9.269	\$9.289	\$7.958	n/a	Dec-07
Jan-08	Dec-07	\$9.561	\$9.618	\$9.559	\$9.579	\$8.213	n/a	Jan-08
Feb-08	Jan-08	\$9.556	\$9.613	\$9.554	\$9.574	\$8.414	n/a	Feb-08
Mar-08	Feb-08	\$9.331	\$9.383	\$9.329	\$9.348	\$8.553	n/a	Mar-08
Apr-08	Mar-08	\$7.751	\$7.823	\$7.809	\$7.794	\$8.555	n/a	Apr-08
May-08	Apr-08	\$7.631	\$7.698	\$7.684	\$7.671	\$8.540	n/a	May-08
Jun-08	May-08	\$7.681	\$7.748	\$7.734	\$7.721	\$8.523	n/a	Jun-08
Jul-08	Jun-08	\$7.681	\$7.748	\$7.799	\$7.743	\$8.500	n/a	Jul-08
Aug-08	Jul-08	\$7.681	\$7.873	\$7.859	\$7.804	\$8.475	n/a	Aug-08
Sep-08	Aug-08	\$7.681	\$7.873	\$7.859	\$7.804	\$8.446	n/a	Sep-08
Oct-08	Sep-08	\$7.946	\$8.008	\$7.999	\$7.984	\$8.424	n/a	Oct-08
Nov-08	Oct-08	\$8.406	\$8.008	\$8.459	\$8.291	\$8.384	n/a	Nov-08
Dec-08	Nov-08	\$8.851	\$8.908	\$8.909	\$8.889	\$8.350	n/a	Dec-08

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 - Mar-07)
- Settlement price as reported in the Wall Street Journal on 02-22-07 (Apr-07 - Dec-07)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Mar-07)
- Settlement price as reported in the Wall Street Journal on 02-23-07 (Apr-07 - Dec-07)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Mar-07)
- Settlement price as reported in the Wall Street Journal on 02-26-07 (Apr-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	22-Feb-07	23-Feb-07	26-Feb-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	63.1500	63.15	63.15	63.15	<=Jan closing from WSJ on 12/19/06
Feb-07	Feb-07	759.45	19	6.3	6.34	7.04844	n/a	51.1300	51.13	51.13	51.13	<=Feb closing from WSJ on 01/22/07
Mar-07	Mar-07	58.07			7.21	7.02399	n/a	58.0700	58.07	58.07	58.07	<=Mar closing from WSJ on 02/20/07
Apr-07	Apr-07	61.16			7.59	6.98271	n/a	61.1600	60.95	61.14	61.39	
May-07	May-07	62.31			7.73	6.97678	n/a	62.3100	62.05	62.35	62.53	
Jun-07	Jun-07	63.20			7.84	6.99287	n/a	63.2033	62.84	63.32	63.45	
Jul-07	Jul-07	63.92			7.93	7.01102	n/a	63.9233	63.48	64.09	64.20	
Aug-07	Aug-07	64.50			8.00	7.01371	n/a	64.5000	64.01	64.69	64.80	
Sep-07	Sep-07	64.96			8.06	7.15884	n/a	64.9600	64.44	65.16	65.28	
Oct-07	Oct-07	65.22			8.09	7.31411	n/a	65.2167	64.81	65.16	65.68	
Nov-07	Nov-07	65.68			8.15	7.43266	n/a	65.6767	65.12	65.89	66.02	
Dec-07	Dec-07	65.96			8.18	7.58629	n/a	65.9600	65.39	66.18	66.31	
Jan-08	Jan-08	66.13			8.21	7.77865	n/a	66.1300	65.64	66.44	66.31	
Feb-08	Feb-08	66.13			8.21	7.93376	n/a	66.1300	65.64	66.44	66.31	
Mar-08	Mar-08	66.25			8.22	8.01832	n/a	66.2467	65.99	66.44	66.31	
Apr-08	Apr-08	66.50			8.25	8.07357	n/a	66.5033	65.99	66.44	67.08	
May-08	May-08	66.50			8.25	8.11693	n/a	66.5033	65.99	66.44	67.08	
Jun-08	Jun-08	66.83			8.29	8.15443	n/a	66.8300	65.99	67.19	67.31	
Jul-08	Jul-08	66.83			8.29	8.18449	n/a	66.8300	65.99	67.19	67.31	
Aug-08	Aug-08	66.83			8.29	8.20858	n/a	66.8300	65.99	67.19	67.31	
Sep-08	Sep-08	66.83			8.29	8.22792	n/a	66.8300	65.99	67.19	67.31	
Oct-08	Oct-08	66.83			8.29	8.24460	n/a	66.8300	65.99	67.19	67.31	
Nov-08	Nov-08	66.83			8.29	8.25653	n/a	66.8300	65.99	67.19	67.31	
Dec-08	Dec-08	67.21			8.34	8.26942	n/a	67.2067	66.53	67.46	67.63	

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 - Feb-07)
 - Mar-07 Final Crude oil contract price as reported in the Wall Street Journal on 02/20/07
 - average of Crude oil contract prices as reported in the Wall Street Journal on 02-22-07, 02-23-07, and 02-26-07
- 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 - Feb-07)
 - Current month value Col. HH * Feb-07 value in Col KK/51.13 (Mar-07 - Dec-07)
 - Where 51.13 represents the Feb-07 closing value from the WSJ on 01/22/07
- 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	\$7.04844	\$13.7952	\$9.95	1.36310	n/a	n/a	n/a	n/a	n/a	2.288	n/a	1.693
Mar-07	\$6.77947	\$7.02399	\$13.8035	\$9.95	1.36388	n/a	n/a	n/a	n/a	n/a	2.292	n/a	1.696
Apr-07	\$6.82942	\$6.98271	\$13.8121	\$9.95	1.36470	n/a	n/a	n/a	n/a	n/a	2.298	n/a	1.700
May-07	\$6.87219	\$6.97678	\$13.8490	\$9.95	1.36818	n/a	n/a	n/a	n/a	n/a	2.320	n/a	1.716
Jun-07	\$7.03678	\$6.99287	\$14.0296	\$9.95	1.38524	n/a	n/a	n/a	n/a	n/a	2.427	n/a	1.796
Jul-07	\$7.20611	\$7.01102	\$14.2171	\$9.95	1.40294	n/a	n/a	n/a	n/a	n/a	2.539	n/a	1.879
Aug-07	\$7.31611	\$7.01371	\$14.3298	\$9.95	1.41358	n/a	n/a	n/a	n/a	n/a	2.606	n/a	1.928
Sep-07	\$7.42750	\$7.15884	\$14.5863	\$9.95	1.43780	n/a	n/a	n/a	n/a	n/a	2.758	n/a	2.041
Oct-07	\$7.74808	\$7.31411	\$15.0622	\$9.95	1.48274	n/a	n/a	n/a	n/a	n/a	3.041	n/a	2.251
Nov-07	\$7.85892	\$7.43266	\$15.2916	\$9.95	1.50440	n/a	n/a	n/a	n/a	n/a	3.178	n/a	2.352
Dec-07	\$7.95792	\$7.58629	\$15.5442	\$9.95	1.52825	n/a	n/a	n/a	n/a	n/a	3.328	n/a	2.463
Jan-08	\$8.21319	\$7.77865	\$15.9918	\$10.69	1.46795	n/a	n/a	n/a	n/a	n/a	3.135	n/a	2.320
Feb-08	\$8.41381	\$7.93376	\$16.3476	\$10.69	1.49934	n/a	n/a	n/a	n/a	n/a	3.346	n/a	2.476
Mar-08	\$8.55308	\$8.01832	\$16.5714	\$10.69	1.51910	n/a	n/a	n/a	n/a	n/a	3.478	n/a	2.574
Apr-08	\$8.55506	\$8.07357	\$16.6286	\$10.69	1.52415	n/a	n/a	n/a	n/a	n/a	3.512	n/a	2.599
May-08	\$8.54014	\$8.11693	\$16.6571	\$10.69	1.52666	n/a	n/a	n/a	n/a	n/a	3.529	n/a	2.611
Jun-08	\$8.52275	\$8.15443	\$16.6772	\$10.69	1.52844	n/a	n/a	n/a	n/a	n/a	3.541	n/a	2.620
Jul-08	\$8.49967	\$8.18449	\$16.6842	\$10.69	1.52905	n/a	n/a	n/a	n/a	n/a	3.545	n/a	2.623
Aug-08	\$8.47508	\$8.20858	\$16.6837	\$10.69	1.52901	n/a	n/a	n/a	n/a	n/a	3.544	n/a	2.623
Sep-08	\$8.44614	\$8.22792	\$16.6741	\$10.69	1.52816	n/a	n/a	n/a	n/a	n/a	3.539	n/a	2.619
Oct-08	\$8.42419	\$8.24460	\$16.6688	\$10.69	1.52770	n/a	n/a	n/a	n/a	n/a	3.536	n/a	2.616
Nov-08	\$8.38364	\$8.25653	\$16.6402	\$10.69	1.52517	n/a	n/a	n/a	n/a	n/a	3.519	n/a	2.604
Dec-08	\$8.35031	\$8.26942	\$16.6197	\$10.69	1.52337	n/a	n/a	n/a	n/a	n/a	3.507	n/a	2.595

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. J - Col. G + Col. H
Col. K - Applicable value from the Standard Offer Supply Contracts.
Col. L - @if(Col. J > Col. K, (Col. G + \$0.60 + Col. H + \$0.04) / (Col. J + \$0.64), 1.000)
Col. M - (Col. K - 1.0) * Applicable Contract Price from the Standard Offer Supply Contracts.
Col. N - (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 02-22-07, 02-23-07, and 02-26-07

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.



Joanne M. Scanlon
National Grid

Date: March 26, 2007

Annual Reconciliation Rate Filing – Docket No. 3788
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