

December 11, 2006

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

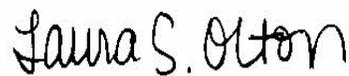
**RE: Docket 3788 – January 2007 Retail Rate Filing**

Dear Ms. Massaro:

Enclosed are ten copies of The Narragansett Electric Company's d/b/a National Grid ("National Grid" or "Company") updated schedules in the above referenced docket. At the request of the Commission Staff, the Company has updated its projection of the Standard Offer reconciliation balance through December 31, 2007 using estimated fuel index payments based on projected natural gas and crude oil futures prices as reported in the *Wall Street Journal* for November 24, 27, and 28, 2006. Schedules JAL-2, JAL-3 and MJH-4, based on the more recent fuel price estimates, are attached. While there has been an increase in fuel futures prices since our original filing, the Company is not proposing to alter its request for a proposed Standard Offer Service rate of 8.3¢ per kWh, effective for consumption on and after January 1, 2007.

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  
Paul Roberti, Esq.  
Steve Scialabba, RI Division  
Dr. John Stutz, RI Division

Schedule JAL-2 - Update

Projected Standard Offer Service Reconciliation

For the period October 2006 through December 2007

Standard Offer Reconciliation  
Projected Balance at Year Ending December 31, 2007

**Section 1. 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)
(2) Oct-06	\$18,341,722	\$16,667,465	\$31,435,301	\$14,916,296	\$46,351,597	(\$29,684,132)	(\$598,879)	(\$11,941,288)	\$15,744,703
(2) Nov-06	(\$11,941,288)	\$50,338,166	\$31,825,502	\$13,676,987	\$45,502,489	\$4,835,677	(\$550,837)	(\$7,656,449)	\$23,174,696
(2) Dec-06	(\$7,656,449)	\$56,056,627	\$35,440,908	\$14,246,732	\$49,687,640	\$6,368,987	(\$609,769)	(\$1,897,231)	\$30,309,293
(2) Jan-07	(\$1,897,231)	\$58,557,316	\$39,513,729	\$11,991,791	\$51,505,520	\$7,051,796	(\$536,662)	\$4,617,903	\$34,134,186
(2) Feb-07	\$4,617,903	\$53,665,970	\$36,213,112	\$10,961,560	\$47,174,672	\$6,491,299	(\$538,222)	\$10,570,979	\$39,148,287
(2) Mar-07	\$10,570,979	\$51,958,740	\$35,061,095	\$10,822,895	\$45,883,990	\$6,074,751	(\$540,315)	\$16,105,415	\$43,467,449
(2) Apr-07	\$16,105,415	\$49,749,152	\$33,570,093	\$10,415,567	\$43,985,660	\$5,763,492	(\$541,075)	\$21,327,832	\$47,624,677
(2) May-07	\$21,327,832	\$47,812,445	\$32,263,228	\$10,091,478	\$42,354,705	\$5,457,740	(\$572,181)	\$26,213,391	\$54,781,831
(2) Jun-07	\$26,213,391	\$51,942,617	\$35,050,215	\$11,399,747	\$46,449,962	\$5,492,655	(\$637,333)	\$31,068,714	\$63,158,068
(2) Jul-07	\$31,068,714	\$58,344,281	\$39,369,976	\$13,301,255	\$52,671,230	\$5,673,050	(\$704,887)	\$36,036,878	\$69,652,728
(2) Aug-07	\$36,036,878	\$61,119,728	\$41,242,812	\$14,207,086	\$55,449,898	\$5,669,830	(\$729,229)	\$40,977,479	\$72,589,300
(2) Sep-07	\$40,977,479	\$57,476,038	\$38,784,097	\$13,996,027	\$52,780,123	\$4,695,915	(\$679,480)	\$44,993,914	\$72,760,021
* (2) Oct-07	\$44,993,914	\$27,766,108				\$27,766,108		\$72,760,021	
Totals	\$18,341,722	\$641,454,655	\$429,770,067	\$150,027,420	\$579,797,487	\$61,657,168	(\$7,238,868)	\$72,760,021	
Interest (3)								\$1,954,132	
Ending Balance@ September 30, 2007 with Interest								\$74,714,153	

(1) Actual revenues and expenses  
(2) Estimated revenues and expenses  
(3) Interest expense calculation : (18341722+72760021)/2\*(4.29%)

\* 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	\$74,714,153	\$22,717,725	\$34,065,846	\$13,286,915	\$47,352,761	(\$24,635,036)	(\$597,735)	\$49,481,382	\$78,076,511
(2) Nov-07	\$49,481,382	\$51,991,143	\$35,082,959	\$14,142,697	\$49,225,657	\$2,765,486	(\$627,831)	\$51,619,038	\$83,323,858
(2) Dec-07	\$51,619,038	\$57,645,128	\$38,898,197	\$16,189,696	\$55,087,892	\$2,557,236	(\$718,915)	\$53,457,359	\$86,146,980
* (2) Jan-08	\$53,457,359	\$32,689,622				\$32,689,622		\$86,146,980	
Totals	\$74,714,153	\$165,043,617	\$108,047,002	\$43,619,308	\$151,666,309	\$13,377,308	(\$1,944,481)	\$86,146,980	
Interest (3)								\$862,618	
Ending Balance@ December 31, 2007 with Interest								\$87,009,598	

\* For December usage billed in January

(2) Estimated revenues and expenses  
(3) Interest expense calculation : (74714153+86146980)/2\*(4.29%)

Column Notes:

- Column (a) Column (g) from previous row; beginning balance from Schedule JAL-4, page 1
- Column (b) from Page 2
- Column (c) from Page 3
- Column (d) from Page 3
- Column (e) Column (c) + Column (d)
- Column (f) Column (b) - Column (e)
- Column (g) Includes estimated protest payments made to one of the Company's suppliers and estimated NE\_GIS expenses
- 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-05	n/a	\$0.08200	n/a
Nov-05	n/a	\$0.08200	n/a
Dec-05	n/a	\$0.08200	n/a
Jan-06	n/a	\$0.10000	n/a
Feb-06	n/a	\$0.10000	n/a
Mar-06	n/a	\$0.10000	n/a
Apr-06	n/a	\$0.10000	n/a
May-06	n/a	\$0.10000	n/a
Jun-06	n/a	\$0.10000	n/a
Jul-06	n/a	\$0.10000	n/a
Aug-06	n/a	\$0.10000	n/a
Sep-06	n/a	\$0.09400	n/a
Oct-06	n/a	\$0.09400	n/a
Nov-06	535,512,408	\$0.09400	\$50,338,166
Dec-06	596,347,100	\$0.09400	\$56,056,627
Jan-07	622,950,171	\$0.09400	\$58,557,316
Feb-07	570,914,578	\$0.09400	\$53,665,970
Mar-07	552,752,556	\$0.09400	\$51,958,740
Apr-07	529,246,302	\$0.09400	\$49,749,152
May-07	508,643,033	\$0.09400	\$47,812,445
Jun-07	552,581,034	\$0.09400	\$51,942,617
Jul-07	620,683,838	\$0.09400	\$58,344,281
Aug-07	650,209,871	\$0.09400	\$61,119,728
Sep-07	611,447,214	\$0.09400	\$57,476,038
Oct-07	537,062,045	\$0.09400	\$50,483,832
Nov-07	553,097,264	\$0.09400	\$51,991,143
Dec-07	613,246,046	\$0.09400	\$57,645,128
Jan-08 full mo kWh	632,294,424	\$0.09400	\$59,435,676

Column Notes:

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

Standard Offer Reconciliation  
Estimated Standard Offer Expenses

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per kWh (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
<b>2006</b>								
Oct-2005	631,297,642	86.0%	n/a	\$0.05943	n/a	\$0.02334	n/a	n/a
Nov-2005	629,717,437	86.0%	n/a	\$0.05943	n/a	\$0.02663	n/a	n/a
Dec-2005	690,430,346	86.0%	n/a	\$0.05943	n/a	\$0.02961	n/a	n/a
Jan-2006	692,810,528	86.0%	n/a	\$0.05943	n/a	\$0.02907	n/a	n/a
Feb-2006	645,230,665	86.0%	n/a	\$0.05943	n/a	\$0.03082	n/a	n/a
Mar-2006	648,203,679	86.0%	n/a	\$0.05943	n/a	\$0.03190	n/a	n/a
Apr-2006	611,007,924	86.0%	n/a	\$0.05943	n/a	\$0.03263	n/a	n/a
May-2006	583,163,961	86.0%	n/a	\$0.05943	n/a	\$0.03342	n/a	n/a
Jun-2006	632,714,427	86.0%	n/a	\$0.05943	n/a	\$0.03374	n/a	n/a
Jul-2006	709,622,935	86.0%	n/a	\$0.05943	n/a	\$0.03368	n/a	n/a
Aug-2006	740,915,456	86.0%	n/a	\$0.05943	n/a	\$0.03370	n/a	n/a
Sep-2006	698,879,291	86.0%	n/a	\$0.05943	n/a	\$0.03184	n/a	n/a
Oct-2006	615,054,271	86.0%	528,946,673	\$0.05943	\$31,435,301	\$0.02820	\$14,916,296	\$46,351,597
Nov-2006	622,688,847	86.0%	535,512,408	\$0.05943	\$31,825,502	\$0.02554	\$13,676,987	\$45,502,489
Dec-2006	693,426,860	86.0%	596,347,100	\$0.05943	\$35,440,908	\$0.02389	\$14,246,732	\$49,687,640
Total Expected Payments through December .....							\$42,840,015	\$141,541,727
<b>2007</b>								
Jan-07	724,360,664	86.0%	622,950,171	\$0.06343	\$39,513,729	\$0.01925	\$11,991,791	\$51,505,520
Feb-07	663,854,160	86.0%	570,914,578	\$0.06343	\$36,213,112	\$0.01920	\$10,961,560	\$47,174,672
Mar-07	642,735,530	86.0%	552,752,556	\$0.06343	\$35,061,095	\$0.01958	\$10,822,895	\$45,883,990
Apr-07	615,402,677	86.0%	529,246,302	\$0.06343	\$33,570,093	\$0.01968	\$10,415,567	\$43,985,660
May-07	591,445,387	86.0%	508,643,033	\$0.06343	\$32,263,228	\$0.01984	\$10,091,478	\$42,354,705
Jun-07	642,536,086	86.0%	552,581,034	\$0.06343	\$35,050,215	\$0.02063	\$11,399,747	\$46,449,962
Jul-07	721,725,393	86.0%	620,683,838	\$0.06343	\$39,369,976	\$0.02143	\$13,301,255	\$52,671,230
Aug-07	756,057,989	86.0%	650,209,871	\$0.06343	\$41,242,812	\$0.02185	\$14,207,086	\$55,449,898
Sep-07	710,985,132	86.0%	611,447,214	\$0.06343	\$38,784,097	\$0.02289	\$13,996,027	\$52,780,123
Oct-07	624,490,750	86.0%	537,062,045	\$0.06343	\$34,065,846	\$0.02474	\$13,286,915	\$47,352,761
Nov-07	643,136,354	86.0%	553,097,264	\$0.06343	\$35,082,959	\$0.02557	\$14,142,697	\$49,225,657
Dec-07	713,076,798	86.0%	613,246,046	\$0.06343	\$38,898,197	\$0.02640	\$16,189,696	\$55,087,892
Total Expected Payments January - December .....							\$150,806,712	\$589,922,070

Column Notes:

- (a) Per Company forecast
- (b) Reflects 12-month average Standard Offer kWh deliveries as a percentage of total kWh deliveries
- (c) Column (a) x Column (b)
- (d) Per standard offer contract (includes estimate for base SO adjustment for contract amendment as approved in RIPUC Docket No. 3496)
- (e) Column (c) x Column (d)
- (f) Schedule MJH-4 Update, Page 3 of 3
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

Schedule JAL-3 – Update

Estimated Standard Offer Expense for 2007

and

Projected Standard Offer Service Reconciliation  
Based on Proposed Standard Offer Service Rate

**Estimated Standard Offer Average Cost  
Based on Fuel Price Estimates as Reported in the Wall Street Journal on November 24, 27 & 28, 2006**

**Section 1. Calculation of Average Standard Offer Cost for the period January 2007 through December 2007**

	Estimated Fuel Index Payments (a)	Estimated Base Standard Offer Expense (b)	Estimated Adjustments (c)	Estimated Total Standard Offer Expense (d)
Jan-2007	\$11,991,791	\$39,513,729	\$536,662	\$52,042,183
Feb-2007	\$10,961,560	\$36,213,112	\$538,222	\$47,712,894
Mar-2007	\$10,822,895	\$35,061,095	\$540,315	\$46,424,305
Apr-2007	\$10,415,567	\$33,570,093	\$541,075	\$44,526,735
May-2007	\$10,091,478	\$32,263,228	\$572,181	\$42,926,886
Jun-2007	\$11,399,747	\$35,050,215	\$637,333	\$47,087,295
Jul-2007	\$13,301,255	\$39,369,976	\$704,887	\$53,376,117
Aug-2007	\$14,207,086	\$41,242,812	\$729,229	\$56,179,126
Sep-2007	\$13,996,027	\$38,784,097	\$679,480	\$53,459,604
Oct-2007	\$13,286,915	\$34,065,846	\$597,735	\$47,950,496
Nov-2007	\$14,142,697	\$35,082,959	\$627,831	\$49,853,487
Dec-2007	<u>\$16,189,696</u>	<u>\$38,898,197</u>	<u>\$718,915</u>	<u>\$55,806,807</u>
	\$150,806,712	\$439,115,358	\$7,423,864	\$597,345,933
(1) Estimated Over-recovery as of December 2006				30,309,293
(2) Total Expenses to be Recovered				<u>567,036,640</u>
(3) Projected kWh Deliveries for the period January 2007 through December 2007				6,927,973,290
(4) Average Standard Offer for the period January 2007 through December 2007				\$0.08100

**Section 2. Calculation of Average Standard Offer Cost for the periods January 2007 through June 2007 and July 2007 through December 2007**

	Estimated Fuel Index Payments (a)	Estimated Base Standard Offer Expense (b)	Estimated Adjustments (c)	Estimated Total Standard Offer Expense (d)
<b>January 2007 thru June 2007</b>				
Jan-2007	\$11,991,791	\$39,513,729	\$536,662	\$52,042,183
Feb-2007	\$10,961,560	\$36,213,112	\$538,222	\$47,712,894
Mar-2007	\$10,822,895	\$35,061,095	\$540,315	\$46,424,305
Apr-2007	\$10,415,567	\$33,570,093	\$541,075	\$44,526,735
May-2007	\$10,091,478	\$32,263,228	\$572,181	\$42,926,886
Jun-2007	<u>\$11,399,747</u>	<u>\$35,050,215</u>	<u>\$637,333</u>	<u>\$47,087,295</u>
	\$65,683,037	\$211,671,471	\$3,365,788	\$280,720,297
(1) One-half of Estimated Over-recovery as of December 2006				15,154,647
(2) Total Expenses to be Recovered				<u>265,565,650</u>
(3) Projected kWh Deliveries for the period January 2007 through June 2007				3,335,841,190
(4) Average Standard Offer for the period January 2007 through June 2007				\$0.07900
<b>July 2007 thru December 2007</b>				
Jul-2007	\$13,301,255	\$39,369,976	\$704,887	\$53,376,117
Aug-2007	\$14,207,086	\$41,242,812	\$729,229	\$56,179,126
Sep-2007	\$13,996,027	\$38,784,097	\$679,480	\$53,459,604
Oct-2007	\$13,286,915	\$34,065,846	\$597,735	\$47,950,496
Nov-2007	\$14,142,697	\$35,082,959	\$627,831	\$49,853,487
Dec-2007	<u>\$16,189,696</u>	<u>\$38,898,197</u>	<u>\$718,915</u>	<u>\$55,806,807</u>
	\$85,123,675	\$227,443,886	\$4,058,076	\$316,625,637
(1) One-half of Estimated Over-recovery as of December 2006				15,154,647
(2) Total Expenses to be Recovered				<u>301,470,990</u>
(3) Projected kWh Deliveries for the period July 2007 through December 2007				3,592,132,100
(4) Average Standard Offer for the period July 2007 through December 2007				\$0.08300

**Columns:**

- Schedule JAL-2-Update, page 3, column (g)
- Schedule JAL-2-Update, page 3, column (e)
- Schedule JAL-2-Update, page 1, column (g)
- Column (a) + Column (b) + Column (c)

**Rows:**

- Schedule JAL-4, page 1
- Total from column (d) - Line (1)
- Schedule JAL-4, page 2, column (a) for the period January 2007 through December 2007
- Line (2) ÷ Line (3), truncated to three places

Standard Offer Reconciliation  
Projected Balance at Year Ending December 31, 2007 Based on Proposed Standard Offer Service Rate

**Section 1. 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 (1) (h)	Monthly Balance Including Unbilled (i)
Oct-06	\$18,341,722	\$16,667,465	\$31,435,301	\$14,916,296	\$46,351,597	(\$29,684,132)	(\$598,879)	(\$11,941,288)	\$15,744,703
Nov-06	(\$11,941,288)	\$50,338,166	\$31,825,502	\$13,676,987	\$45,502,489	\$4,835,677	(\$550,837)	(\$7,656,449)	\$23,174,696
Dec-06	(\$7,656,449)	\$56,056,627	\$35,440,908	\$14,246,732	\$49,687,640	\$6,368,987	(\$609,769)	(\$1,897,231)	\$28,613,311
Jan-07	(\$1,897,231)	\$55,473,713	\$39,513,729	\$11,991,791	\$51,505,520	\$3,968,193	(\$536,662)	\$1,534,299	\$27,596,550
Feb-07	\$1,534,299	\$47,385,910	\$36,213,112	\$10,961,560	\$47,174,672	\$211,238	(\$538,222)	\$1,207,316	\$26,440,470
Mar-07	\$1,207,316	\$45,878,462	\$35,061,095	\$10,822,895	\$45,883,990	(\$5,528)	(\$540,315)	\$661,473	\$24,821,567
Apr-07	\$661,473	\$43,927,443	\$33,570,093	\$10,415,567	\$43,985,660	(\$58,217)	(\$541,075)	\$62,181	\$23,281,736
May-07	\$62,181	\$42,217,372	\$32,263,228	\$10,091,478	\$42,354,705	(\$137,334)	(\$572,181)	(\$647,333)	\$24,577,991
Jun-07	(\$647,333)	\$45,864,226	\$35,050,215	\$11,399,747	\$46,449,962	(\$585,736)	(\$637,333)	(\$1,870,402)	\$26,463,815
Jul-07	(\$1,870,402)	\$51,516,759	\$39,369,976	\$13,301,255	\$52,671,230	(\$1,154,472)	(\$704,887)	(\$3,729,760)	\$25,952,320
Aug-07	(\$3,729,760)	\$53,967,419	\$41,242,812	\$14,207,086	\$55,449,898	(\$1,482,479)	(\$729,229)	(\$5,941,467)	\$21,971,098
Sep-07	(\$5,941,467)	\$50,750,119	\$38,784,097	\$13,996,027	\$52,780,123	(\$2,030,005)	(\$679,480)	(\$8,650,952)	\$15,865,930
Oct-07	(\$8,650,952)	\$44,576,150	\$34,065,846	\$13,286,915	\$47,352,761	(\$2,776,611)	(\$597,735)	(\$12,025,298)	\$13,223,592
Nov-07	(\$12,025,298)	\$45,907,073	\$35,082,959	\$14,142,697	\$49,225,657	(\$3,318,584)	(\$627,831)	(\$15,971,712)	\$12,022,970
Dec-07	(\$15,971,712)	\$50,899,422	\$38,898,197	\$16,189,696	\$55,087,892	(\$4,188,470)	(\$718,915)	(\$20,879,098)	\$7,985,143
Jan-08	(\$20,879,098)	\$52,480,437							

(1) Balance does not reflect interest charges.

Column Notes:

Column (a) Column (g) from previous row; beginning balance from Schedule JAL-4, page 1

Column (b) from Page 3

Column (c) from Schedule JAL-2-Update, Page 3, column (e)

Column (d) from Schedule JAL-2-Update, Page 3, column (g)

Column (e) Column (c) + Column (d)

Column (f) Column (b) - Column (e)

Column (g) from Schedule JAL-2-Update, page 1, column (g)

Column (h) Column (a) + Column (f) + Column (g)

Column (i) Column (h) + 55% of next month's Column (b)

<u>Month/Year</u>	<u>Standard Offer Reconciliation</u>		
	<u>Estimated Revenue</u>		
	<u>Estimated</u> <u>Standard Offer</u> <u>Deliveries</u> (a)	<u>Standard Offer</u> <u>Rate</u> (b)	<u>Total</u> <u>Estimated</u> <u>Revenues</u> (c)
Oct-06	n/a	\$0.09400	
Nov-06	535,512,408	\$0.09400	\$50,338,166
Dec-06	596,347,100	\$0.09400	\$56,056,627
Jan-07	622,950,171	\$0.08300	\$55,473,713
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	<u>\$52,480,437</u>

Column Notes:

- (a) Schedule JAL-2-Update, Page 2, Column (a)  
(b) Currently effective rate through Dec 2006; proposed rate for Jan 2007  
(c) Column (a) x Column (b)

Schedule MJH-4 - Update  
Calculation of the Fuel Index Adjustment  
through December 2007

Prices published in WSJ on: 24-Nov-06 27-Nov-06 28-Nov-06

DETERMINATION OF MARKET GAS PRICE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
Contract Month	Last Month of Trading	Settlement Prices (\$/mmBtu)			Gas Index	NGrid's Market Gas Price	EUA's Market Gas Price	SOS Delivery Month
		3rd Last	2nd Last	Last				
Jan-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	\$5.805	\$4.201	\$4.827	\$8.137	n/a	Oct-06
Nov-06	Oct-06	<b>\$7.693</b>	<b>\$7.497</b>	<b>\$7.153</b>	<b>\$7.448</b>	<b>\$7.585</b>	n/a	Nov-06
Dec-06	Nov-06	<b>\$7.988</b>	<b>\$7.998</b>	<b>\$8.318</b>	<b>\$8.101</b>	<b>\$7.304</b>	n/a	Dec-06
Jan-07	Dec-06	<b>\$8.437</b>	<b>\$8.357</b>	<b>\$8.559</b>	<b>\$8.451</b>	<b>\$7.043</b>	n/a	Jan-07
Feb-07	Jan-07	<b>\$8.492</b>	<b>\$8.404</b>	<b>\$8.606</b>	<b>\$8.501</b>	<b>\$7.055</b>	n/a	Feb-07
Mar-07	Feb-07	<b>\$8.357</b>	<b>\$8.289</b>	<b>\$8.476</b>	<b>\$8.374</b>	<b>\$7.146</b>	n/a	Mar-07
Apr-07	Mar-07	<b>\$7.992</b>	<b>\$7.979</b>	<b>\$8.116</b>	<b>\$8.029</b>	<b>\$7.217</b>	n/a	Apr-07
May-07	Apr-07	<b>\$7.992</b>	<b>\$7.969</b>	<b>\$8.102</b>	<b>\$8.021</b>	<b>\$7.274</b>	n/a	May-07
Jun-07	May-07	<b>\$7.992</b>	<b>\$8.039</b>	<b>\$8.167</b>	<b>\$8.066</b>	<b>\$7.450</b>	n/a	Jun-07
Jul-07	Jun-07	<b>\$7.992</b>	<b>\$8.122</b>	<b>\$8.250</b>	<b>\$8.121</b>	<b>\$7.628</b>	n/a	Jul-07
Aug-07	Jul-07	<b>\$7.992</b>	<b>\$8.187</b>	<b>\$8.315</b>	<b>\$8.165</b>	<b>\$7.743</b>	n/a	Aug-07
Sep-07	Aug-07	<b>\$7.992</b>	<b>\$8.237</b>	<b>\$8.360</b>	<b>\$8.196</b>	<b>\$7.858</b>	n/a	Sep-07
Oct-07	Sep-07	<b>\$8.297</b>	<b>\$8.332</b>	<b>\$8.455</b>	<b>\$8.361</b>	<b>\$8.153</b>	n/a	Oct-07
Nov-07	Oct-07	<b>\$8.297</b>	<b>\$8.807</b>	<b>\$8.925</b>	<b>\$8.676</b>	<b>\$8.255</b>	n/a	Nov-07
Dec-07	Nov-07	<b>\$8.297</b>	<b>\$9.247</b>	<b>\$9.355</b>	<b>\$8.966</b>	<b>\$8.327</b>	n/a	Dec-07

Notes:

- Col. A - Contract refers to the NYMEX Natural Gas Futures Contract, as approved by the CFTC, for the purchase and sale of natural gas at Henry Hub.
- Col. B - Month that trading for the Contract ends (the month before the delivery month)
- Col. C - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-06)  
- Settlement price as reported in the Wall Street Journal on 11-24-06 (Dec-06 - Dec-07)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-06)  
- Settlement price as reported in the Wall Street Journal on 11-27-06 (Dec-06 - Dec-07)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-06)  
- Settlement price as reported in the Wall Street Journal on 11-28-06 (Dec-06 - Dec-07)
- Col. F - Average value of Col. C, Col. D and Col. E (=AVERAGE(Col. C.,Col. E))
- Col. G - Average of the most recent twelve months of values in Col. F (including current SOS delivery month)
- Col. H - Average of the most recent six months of values in Col. F (ending month prior to SOS delivery month)
- Col. I - month in which SOS was delivered at wholesale.

DETERMINATION OF MARKET OIL PRICE

(Col. A)	(Col. B)	(Col. HH)	(Col. II)	(Col. JJ)	(Col. KK)	(Col. LL)	(Col. MM)	(Col. NN)	Prices published in WSJ on:				
SOS Delivery Month	Trading Month	Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NGrid's Market Oil Price	EUA's Market Oil Price		Average	24-Nov-06	27-Nov-06	28-Nov-06	
Jan-05	Jan-05	594.00	20	6.3	4.71	4.43738	n/a		45.6400	45.64	45.64	45.64	<=Jan closing from WSJ on 12/20/04
Feb-05	Feb-05	584.70	19	6.3	4.88	4.49990	n/a		46.9100	46.91	46.91	46.91	<=Feb closing from WSJ on 01/20/05
Mar-05	Mar-05	779.75	22	6.3	5.63	4.64430	n/a		51.1500	51.15	51.15	51.15	<=Mar closing from WSJ on 02/22/05
Apr-05	Apr-05	811.40	21	6.3	6.13	4.81806	n/a		56.6200	56.62	56.62	56.62	<=Apr closing from WSJ on 03/21/05
May-05	May-05	792.25	21	6.3	5.99	4.91814	n/a		52.4400	52.44	52.44	52.44	<=May closing from WSJ on 04/20/05
Jun-05	Jun-05	900.25	22	6.3	6.50	5.06936	n/a		46.8000	46.80	46.80	46.80	<=Jun closing from WSJ on 05/20/05
Jul-05	Jul-05	844.35	20	6.3	6.70	5.26003	n/a		59.3700	59.37	59.37	59.37	<=Jul closing from WSJ on 06/22/05
Aug-05	Aug-05	1048.35	23	6.3	7.23	5.49487	n/a		57.4600	57.46	57.46	57.46	<=Aug closing from WSJ on 07/20/05
Sep-05	Sep-05	1064.75	21	6.3	8.05	5.79894	n/a		65.4500	65.45	65.45	65.45	<=Sep closing from WSJ on 08/22/05
Oct-05	Oct-05	1048.35	21	6.3	7.92	6.02252	n/a		66.2300	66.23	66.23	66.23	<=Oct closing from WSJ on 09/20/05
Nov-05	Nov-05	919.00	20	6.3	7.29	6.25192	n/a		61.3000	61.30	61.30	61.30	<=Nov closing from WSJ on 10/20/05
Dec-05	Dec-05	1020.00	21	6.3	7.71	6.56276	n/a		56.1400	56.14	56.14	56.14	<=Dec closing from WSJ on 11/18/05
Jan-06	Jan-06	948.15	20	6.3	7.53	6.79699	n/a		57.9800	57.98	57.98	57.98	<=Jan closing from WSJ on 12/20/05
Feb-06	Feb-06	911.50	19	6.3	7.61	7.02450	n/a		68.3500	68.35	68.35	68.35	<=Feb closing from WSJ on 01/20/06
Mar-06	Mar-06	1086.62	23	6.3	7.50	7.18060	n/a		61.1000	61.10	61.10	61.10	<=Mar closing from WSJ on 02/21/06
Apr-06	Apr-06	967.73	19	6.3	8.08	7.34323	n/a		60.5700	60.57	60.57	60.57	<=Apr closing from WSJ on 03/21/06
May-06	May-06	1081.50	22	6.3	7.80	7.49446	n/a		71.9500	71.95	71.95	71.95	<=May closing from WSJ on 04/20/06
Jun-06	Jun-06	1060.25	22	6.3	7.65	7.59066	n/a		69.2300	69.23	69.23	69.23	<=June closing from WSJ on 05/22/06
Jul-06	Jul-06	923.40	19	6.3	7.71	7.67509	n/a		70.3300	70.33	70.33	70.33	<=July closing from WSJ on 06/20/06
Aug-06	Aug-06	1155.05	23	6.3	7.97	7.73645	n/a		73.0800	73.08	73.08	73.08	<=Aug closing from WSJ on 07/20/06
Sep-06	Sep-06	796.22	20	6.3	6.32	7.59239	n/a		72.6300	72.63	72.63	72.63	<=Sep closing from WSJ on 08/22/06
Oct-06	Oct-06	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	804.60	19	6.3	6.72	7.40352	n/a		56.8200	56.82	56.82	56.82	<=Nov closing from WSJ on 10/20/06
Dec-06	Dec-06	55.81			6.60	7.31123	n/a		55.8100	55.81	55.81	55.81	<=Dec closing from WSJ on 11/17/06
Jan-07	Jan-07	60.49			7.16	7.28051	n/a		60.4933	60.17	60.32	60.99	
Feb-07	Feb-07	61.87			7.32	7.25591	n/a		61.8733	61.54	61.69	62.39	
Mar-07	Mar-07	62.90			7.44	7.25107	n/a		62.9000	62.64	62.72	63.34	
Apr-07	Apr-07	63.44			7.50	7.20276	n/a		63.4400	62.64	63.58	64.10	
May-07	May-07	63.91			7.56	7.18256	n/a		63.9100	62.64	64.33	64.76	
Jun-07	Jun-07	65.12			7.70	7.18702	n/a		65.1167	65.00	64.99	65.36	
Jul-07	Jul-07	65.49			7.75	7.18979	n/a		65.4900	65.00	65.57	65.90	
Aug-07	Aug-07	65.49			7.75	7.17113	n/a		65.4900	65.00	65.57	65.90	
Sep-07	Sep-07	65.49			7.75	7.29015	n/a		65.4900	65.00	65.57	65.90	
Oct-07	Oct-07	65.49			7.75	7.41665	n/a		65.4900	65.00	65.57	65.90	
Nov-07	Nov-07	65.49			7.75	7.50212	n/a		65.4900	65.00	65.57	65.90	
Dec-07	Dec-07	67.70			8.01	7.61937	n/a		67.7033	67.67	67.66	67.78	

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 - Nov-06)
  - Dec-06 Final Crude oil contract price as reported in the Wall Street Journal on 17-Nov-06
  - average of Crude oil contract prices as reported in the Wall Street Journal on 11-24-06, 11-27-06 & 11-28-06
- Col. II - number of non-zero values in Col. C through Col. GG.
- Col. JJ - a fixed factor of 6.3 mmBtu per bbl.
- Col. KK - Col. HH divided by (Col. II x Col. JJ) (Jan-99 - Nov-06)
  - Current month value Col. HH \* Nov-06 value in Col KK/ 56.82 (Dec-06 - Dec-07)
  - Where 56.82 represents the Nov-06 closing value from the WSJ 20-Oct-06
- Col. LL - Average of the most recent twelve months of values in Col. KK (including current SOS delivery month)
- Col. MM - Average of the most recent six months of values in Col. KK (ending month prior to SOS delivery month)

DETERMINATION OF FUEL ADJUSTMENT VALUE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)	(Col. J)	(Col. K)	(Col. L)	(Col. M)	(Col. N)
SOS Delivery Month	NGrid's Market Gas Price	NGrid's Market Oil Price	NGrid's Fuel Value	NGrid's Fuel Trigger	NGrid's Adjustment Value	EUA's Market Gas Price	EUA's Market Oil Price	EUA's Fuel Value	EUA's Fuel Trigger	EUA's Adjustment Value	Ngrid Adjustment e/kWh	EUA Adjustment e/kWh	Weighted Adjustment e/kWh
Jan-05	\$6.10331	\$4.43738	\$10.5407	\$8.48	1.22595	n/a	n/a	n/a	n/a	n/a	1.243	n/a	0.920
Feb-05	\$6.15500	\$4.49990	\$10.6549	\$8.48	1.23848	n/a	n/a	n/a	n/a	n/a	1.312	n/a	0.971
Mar-05	\$6.24844	\$4.64430	\$10.8927	\$8.48	1.26456	n/a	n/a	n/a	n/a	n/a	1.455	n/a	1.077
Apr-05	\$6.39533	\$4.81806	\$11.2134	\$8.48	1.29971	n/a	n/a	n/a	n/a	n/a	1.648	n/a	1.220
May-05	\$6.49111	\$4.91814	\$11.4092	\$8.48	1.32119	n/a	n/a	n/a	n/a	n/a	1.767	n/a	1.307
Jun-05	\$6.45550	\$5.06936	\$11.5249	\$8.48	1.33387	n/a	n/a	n/a	n/a	n/a	1.836	n/a	1.359
Jul-05	\$6.52481	\$5.26003	\$11.7848	\$8.48	1.36237	n/a	n/a	n/a	n/a	n/a	1.993	n/a	1.475
Aug-05	\$6.64597	\$5.49487	\$12.1408	\$8.48	1.40141	n/a	n/a	n/a	n/a	n/a	2.208	n/a	1.634
Sep-05	\$7.05819	\$5.79894	\$12.8571	\$8.48	1.47995	n/a	n/a	n/a	n/a	n/a	2.640	n/a	1.953
Oct-05	\$7.68669	\$6.02252	\$13.7092	\$8.48	1.57338	n/a	n/a	n/a	n/a	n/a	3.154	n/a	2.334
Nov-05	\$8.19481	\$6.25192	\$14.4467	\$8.48	1.65425	n/a	n/a	n/a	n/a	n/a	3.598	n/a	2.663
Dec-05	\$8.55267	\$6.56276	\$15.1154	\$8.48	1.72757	n/a	n/a	n/a	n/a	n/a	4.002	n/a	2.961
Jan-06	\$8.98864	\$6.79699	\$15.7856	\$9.22	1.66589	n/a	n/a	n/a	n/a	n/a	3.929	n/a	2.907
Feb-06	\$9.15558	\$7.02450	\$16.1801	\$9.22	1.70589	n/a	n/a	n/a	n/a	n/a	4.165	n/a	3.082
Mar-06	\$9.24267	\$7.18060	\$16.4233	\$9.22	1.73055	n/a	n/a	n/a	n/a	n/a	4.310	n/a	3.190
Apr-06	\$9.24628	\$7.34323	\$16.5895	\$9.22	1.74742	n/a	n/a	n/a	n/a	n/a	4.410	n/a	3.263
May-06	\$9.27375	\$7.49446	\$16.7682	\$9.22	1.76554	n/a	n/a	n/a	n/a	n/a	4.517	n/a	3.342
Jun-06	\$9.24811	\$7.59066	\$16.8388	\$9.22	1.77270	n/a	n/a	n/a	n/a	n/a	4.559	n/a	3.374
Jul-06	\$9.15058	\$7.67509	\$16.8257	\$9.22	1.77137	n/a	n/a	n/a	n/a	n/a	4.551	n/a	3.368
Aug-06	\$9.09453	\$7.73645	\$16.8310	\$9.22	1.77190	n/a	n/a	n/a	n/a	n/a	4.554	n/a	3.370
Sep-06	\$8.81775	\$7.59239	\$16.4101	\$9.22	1.72922	n/a	n/a	n/a	n/a	n/a	4.302	n/a	3.184
Oct-06	\$8.13658	\$7.45117	\$15.5878	\$9.22	1.64582	n/a	n/a	n/a	n/a	n/a	3.810	n/a	2.820
Nov-06	\$7.58472	\$7.40352	\$14.9882	\$9.22	1.58501	n/a	n/a	n/a	n/a	n/a	3.452	n/a	2.554
Dec-06	\$7.30389	\$7.31123	\$14.6151	\$9.22	1.54717	n/a	n/a	n/a	n/a	n/a	3.228	n/a	2.389
Jan-07	\$7.04325	\$7.28051	\$14.3238	\$9.95	1.41301	n/a	n/a	n/a	n/a	n/a	2.602	n/a	1.925
Feb-07	\$7.05472	\$7.25591	\$14.3106	\$9.95	1.41177	n/a	n/a	n/a	n/a	n/a	2.594	n/a	1.920
Mar-07	\$7.14553	\$7.25107	\$14.3966	\$9.95	1.41989	n/a	n/a	n/a	n/a	n/a	2.645	n/a	1.958
Apr-07	\$7.21700	\$7.20276	\$14.4198	\$9.95	1.42207	n/a	n/a	n/a	n/a	n/a	2.659	n/a	1.968
May-07	\$7.27403	\$7.18256	\$14.4566	\$9.95	1.42555	n/a	n/a	n/a	n/a	n/a	2.681	n/a	1.984
Jun-07	\$7.44997	\$7.18702	\$14.6370	\$9.95	1.44259	n/a	n/a	n/a	n/a	n/a	2.788	n/a	2.063
Jul-07	\$7.62778	\$7.18979	\$14.8176	\$9.95	1.45964	n/a	n/a	n/a	n/a	n/a	2.896	n/a	2.143
Aug-07	\$7.74322	\$7.17113	\$14.9144	\$9.95	1.46878	n/a	n/a	n/a	n/a	n/a	2.953	n/a	2.185
Sep-07	\$7.85833	\$7.29015	\$15.1485	\$9.95	1.49089	n/a	n/a	n/a	n/a	n/a	3.093	n/a	2.289
Oct-07	\$8.15286	\$7.41665	\$15.5695	\$9.95	1.53064	n/a	n/a	n/a	n/a	n/a	3.343	n/a	2.474
Nov-07	\$8.25525	\$7.50212	\$15.7574	\$9.95	1.54838	n/a	n/a	n/a	n/a	n/a	3.455	n/a	2.557
Dec-07	\$8.32733	\$7.61937	\$15.9467	\$9.95	1.56626	n/a	n/a	n/a	n/a	n/a	3.567	n/a	2.640

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 11-24-06, 11-27-06 & 11-28-06