

March 12, 2008

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3902 – Last Resort Service Reconciliation

Dear Ms. Massaro:

In Docket No. 3902, The Energy Council of Rhode Island (“TEC-RI”) requested that National Grid¹ investigate the source of the over recoveries that have occurred in the Commercial and Industrial (“C&I”) Last Resort Service (“LRS”) reconciliation for the period starting October 2003 through the most recent reconciliation for the period October 2006 through September 2007. The Company agreed to conduct this investigation and has performed an analysis of the LRS annual reconciliations for the last nine years, from January 1999 through the most recent reconciliation for the period October 2006 through September 2007. In Order No. 19202 (Feb. 7, 2008), the Commission stated that it expects to be kept apprised of the status of the Company’s investigation and requested a report at the conclusion. The Company has discussed its findings with TEC-RI and the Division of Public Utilities and Carriers (“Division”), the parties to this proceeding. This filing constitutes the Company’s report at the conclusion of the investigation.

There are a number of reasons that a variance in the reconciliation of LRS revenue and expenses will occur, including billing adjustments that span several months and load losses that vary from the estimates used to calculate retail rates. The primary cause of the over and under recoveries of expense that have occurred since 2001, however, is related to the monthly reconciliation that is part of the ISO-NE process for determination of supplier loads.² The process for determining hourly supplier loads is described in the Company’s Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1191. This process applies to suppliers providing service directly to customers and to suppliers providing Standard Offer and Last Resort Service as well.

Monthly Supplier Billing Reconciliation Process

To determine the kilowatt-hours that are the basis for wholesale supplier billing, the Company accumulates readings daily from meters located at various delivery points throughout the system. These daily reads are aggregated into calendar month totals at the end of each month. The aggregate load, including an estimate for losses, is allocated to suppliers³ based on an estimate of

¹ Submitted on behalf of The Narragansett Electric Company, d/b/a National Grid (the “Company”).

² The variance prior to 2001 is discussed below.

³ This includes suppliers of Standard Offer Service, Last Resort Service and competitive suppliers.

each supplier's share of the retail load. Approximately four months after each month's initial billing, a reconciliation of the calendar month kWhs occurs, comparing the actual kWhs billed (i.e. kWh readings obtained from customer meter readings) in the month to the original calendar month estimate. The difference, either positive or negative, results in an adjustment to the supplier's original monthly bill and is paid to the supplier or credited to the Company at the rate in effect in the month in which the service was rendered. Therefore, the total LRS expense booked in any month also includes a reconciliation for service rendered several months prior. These "out-of-period" reconciliations, if not allocated back to the months in which the service was rendered, can cause a significant variance in any particular month and in any year's LRS reconciliation final balance.

Adjustments to Annual Retail LRS Reconciliations

Out-of-Period Reconciliation Adjustment. The out-of-period adjustments described above are easily identified from the monthly LRS invoices. Therefore, to more accurately reflect each year's actual final LRS reconciliation balance, the monthly expenses for each year have been adjusted by subtracting the out-of-period reconciliation amounts booked in each month and adding back the reconciliation amounts that were booked in subsequent months but were associated with service rendered in the current month. The Company's analysis of the nine annual reconciliations is included in Attachment 1.⁴

Correction to revenues in certain months. In addition to adjusting for the out-of-period reconciliations, revenues for two years have been revised for the purposes of this analysis. During the process of auditing revenues and expenses, three separate errors were discovered.⁵ The three errors, in total, result in an increase in cumulative revenue of \$65,197. The revenue adjustments are reflected in column (n) of Attachment 1.

⁴ For reference, the actual reconciliations that were filed each year from 1999 through 2007 are reproduced in columns (a) through (f) of Attachment 1, pages 2 through 5. The cumulative total line at the bottom of page 5, column (f), indicates that the nine-year cumulative under recovery, not including interest, is approximately \$1.7 million.

Column (j) of Attachment 1 reflects the out-of-period reconciliation adjustment booked in each month and included in the total LRS expense recorded for the month. The adjustments appearing in Column (j) are then moved into Column (k) to the service month related to the adjustment. For example, in March 2002 an adjustment of (\$89,080) appears in Column (j) as the reconciliation adjustment booked in March 2002. That same amount appears in October 2001 in column (k) because this adjustment is related to service rendered in October 2001. Column (l) is the adjusted LRS expense for each month and is calculated by subtracting Column (j) from the total LRS expense booked for the month, shown in Column (i), and adding Column (k). Column (o) of Attachment 1 is the adjusted ending balance, as compared to the original ending balance filed each year as shown in column (g).

⁵ In October 2004, revenue for the month was entered incorrectly, resulting in revenues for the months being understated by \$53,384. In the months of October 2006 and October 2007, an incorrect cell reference resulted in inadvertently including Renewable Energy Standard revenue and high voltage metering discounts in the reported revenues for each month. As a result of these errors, revenues were overstated by \$608 for October 2006 and \$11,205 for October 2007.

Summary of Analysis

Attachment 1, page 1, summarizes the results of the analysis.⁶ As adjusted for the out-of-period reconciliations, the cumulative balance for the period is an under recovery of \$2.2 million.

Most of the cumulative under recovery of \$2.2 million was incurred during 1999 through 2000. During these years, the LRS retail rates did not reflect the LRS monthly wholesale contract prices. Rather, from January 1999 through May 2000, the LRS rate was priced the same as the Standard Offer rate and from May 2000 through December 2000, the LRS rates were “phased-in” to rates that were based more closely on market prices. Therefore, the under recovery incurred during this period of time primarily reflects the difference between the retail prices and the rates paid to the supplier of LRS.

Line 12 of Attachment 1, page 1, shows the cumulative LRS balance for the period October 2001 through September 2007. During this period of time, the retail rates were derived directly from the monthly contract prices, as adjusted for losses, and therefore, the variance between revenue and expense is significantly reduced from the variance experienced in the first three years. For this period, the cumulative balance is an over recovery of approximately \$2.8 million, and as adjusted, is a cumulative over recovery of \$835,157.

The Company also conducted an analysis for just the C&I customers, similar to the one described above for combined residential and C&I LRS reconciliation. This analysis is shown on Attachment 2 for the period October 2003 through the most recent annual reconciliation.⁷ After adjusting the filed year-end balances for the out-of-period reconciliations, the cumulative over recovery as of September 2007 is \$629,346, compared to the unadjusted cumulative balance of approximately \$1.4 million.

The cumulative variance in both the total reconciliation (for the period October 2001 to the present) and the C&I reconciliation, after accounting for out-of-period adjustments, is approximately 1.0% of cumulative revenues. Even though this variance remains “unexplained”, the Company’s examination of the various factors that determine LRS revenue and expense, such as retail and wholesale billing units, the rate estimation procedure, the calculation of load losses and billing adjustments do not indicate that there are errors in any of the processes that would result in a continual over recovery of expense.

⁶ Column (a) shows each year’s filed ending balance from column (g) of Attachment 1, pages 2 through 6. Column (b) is the interest calculated on each year’s ending balance from each of the annual reconciliation filings. Column (c) is the sum of the ending balance, plus interest, and corresponds to the actual ending balance in each year’s reconciliation filing. Column (d) is the adjusted ending balance for each year shown in column (o) of Attachment 1, pages 2 through 6. Line 10 shows that the cumulative LRS balance for the entire period from January 1999 through September 2007, as originally filed, is an under recovery of approximately \$1.7 million.

⁷ Prior to October 2003, revenues and expenses were not tracked separately for residential and C&I customers.

Discussion with Other Parties and Recommendation for 2007 LRS Reconciliation Balance

The Company met with representatives of the Division and TEC-RI on February 14, 2008 to review the Company's analysis and discuss recommendations for the disposition of the LRS over recovery for the year ending September 2007. The parties agreed that the over recovery of \$577,904 incurred during the period October 2006 through September 2007 and filed in Docket No. 3902 should be used to offset expenses in the reconciliation for the period October 2007 through September 2008. If any balance remains at the end of that period, the Company will propose that the balance in the C&I account will be carried forward to the next year's reconciliation. Any over or under recoveries in the residential reconciliation account will be credited or charged to the Standard Offer reconciliation. In addition, beginning with the next annual filing in November 2008, the Company will include an additional schedule in the LRS reconciliation, showing the LRS reconciliation as adjusted for out-of-period reconciliations, for the most recent 12 month period for which the information is available.

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 3902 Service List
Steve Scialabba, RI Division

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically submitted, hand delivered, and mailed via US Mail on March 12, 2008.



Joanne M. Scanlon
National Grid

March 12, 2008
Date

Narragansett Electric d/b/a National Grid
Docket No. 3902
Service list as 12/04/07

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ATTACHMENT 1

The Narragansett Electric Company
Last Resort Reconciliation

Month	(Under)/Over Beginning Balance (a)	Last Resort Revenue (b)	Last Resort Expense (c)	Monthly (Under)/Over (d)	Adjustments (e)	(Under)/Over Ending Balance (f)	(Under)/Over Beginning Balance (g)	Last Resort Revenue (h)	Last Resort Expense (i)	Reconciliation Booked in Month (j)	Actual Reconciliation for Month (k)	Adjusted Last Resort Expense (l)=(i)-(j)+(k)	Adjusted Monthly (Under)/Over (m)	Adjustments/ Corrections (n)	Adjusted (Under)/Over Ending Balance (o)=(g)+(m)+(n)
Jan-99	\$0	\$0	\$219	(\$219)	\$2	(\$217)	\$0	\$0	\$219			\$219	(\$219)	\$2	(\$217)
Feb-99	(\$217)	\$5	\$317	(\$312)		(\$529)	(\$217)	\$5	\$317			\$317	(\$312)	\$0	(\$529)
Mar-99	(\$529)	\$302	\$880	(\$578)	(\$39)	(\$1,146)	(\$529)	\$302	\$880			\$880	(\$578)	(\$39)	(\$1,146)
Apr-99	(\$1,146)	\$662	\$1,056	(\$394)	(\$440)	(\$1,980)	(\$1,146)	\$662	\$1,056			\$1,056	(\$394)	(\$440)	(\$1,980)
May-99	(\$1,980)	\$1,175	\$1,463	(\$288)	(\$81)	(\$2,349)	(\$1,980)	\$1,175	\$1,463		\$36	\$1,499	(\$324)	(\$81)	(\$2,385)
Jun-99	(\$2,349)	\$1,858	\$8,017	(\$6,159)		(\$8,508)	(\$2,385)	\$1,858	\$8,017		\$739	\$8,756	(\$6,898)	\$0	(\$9,283)
Jul-99	(\$8,508)	\$6,949	\$13,611	(\$6,662)		(\$15,170)	(\$9,283)	\$6,949	\$13,611		(\$818)	\$12,793	(\$5,844)	\$0	(\$15,127)
Aug-99	(\$15,170)	\$8,886	\$10,003	(\$1,117)		(\$16,287)	(\$15,127)	\$8,886	\$10,003		(\$222)	\$9,781	(\$895)	\$0	(\$16,022)
Sep-99	(\$16,287)	\$10,141	\$9,037	\$1,104		(\$15,183)	(\$16,022)	\$10,141	\$9,037		\$102	\$9,139	\$1,002	\$0	(\$15,020)
Oct-99	(\$15,183)	\$9,303	\$7,265	\$2,038		(\$13,145)	(\$15,020)	\$9,303	\$7,265		(\$3)	\$7,262	\$2,041	\$0	(\$12,979)
Nov-99	(\$13,145)	\$8,437	\$7,628	\$809		(\$12,336)	(\$12,979)	\$8,437	\$7,628		\$312	\$7,940	\$497	\$0	(\$12,482)
Dec-99	(\$12,336)	\$12,964	\$140,952	(\$127,988)		(\$140,324)	(\$12,482)	\$12,964	\$140,952		(\$398)	\$140,554	(\$127,590)	\$0	(\$140,071)
Jan-00	(\$140,324)	\$39,816	\$0	\$39,816		(\$100,508)	(\$140,071)	\$39,816	\$0				\$39,816		(\$100,255)
Subtotal - 1999		\$100,498	\$200,448	(\$99,950)	(\$558)			\$100,498	\$200,448	\$0	(\$253)	\$200,195	(\$99,697)	(\$558)	
Jan-00	\$0	\$63,449	\$845,786	(\$782,337)		(\$782,337)	\$0	\$63,449	\$845,786	-	\$7,245	\$853,031	(\$789,582)	\$0	(\$789,582)
Feb-00	(\$782,337)	\$1,216,653	\$918,740	\$297,913		(\$484,424)	(\$789,582)	\$1,216,653	\$918,740	-	\$78,297	\$997,037	\$219,616	\$0	(\$569,967)
Mar-00	(\$484,424)	\$1,026,075	\$1,432,673	(\$406,598)		(\$891,022)	(\$569,967)	\$1,026,075	\$1,432,673	-	\$128,984	\$1,561,657	(\$535,581)	\$0	(\$1,105,548)
Apr-00	(\$891,022)	\$1,476,648	\$1,612,832	(\$136,184)		(\$1,027,206)	(\$1,105,548)	\$1,476,648	\$1,612,832	299.71	\$18,507	\$1,631,039	(\$154,391)	\$0	(\$1,259,939)
May-00	(\$1,027,206)	\$1,716,096	\$1,878,391	(\$162,295)	(\$420,045)	(\$1,609,546)	(\$1,259,939)	\$1,716,096	\$1,878,391	-	(\$218,850)	\$1,659,541	\$56,555	(\$420,045)	(\$1,623,429)
Jun-00	(\$1,609,546)	\$2,156,203	\$3,370,918	(\$1,214,715)		(\$2,824,261)	(\$1,623,429)	\$2,156,203	\$3,370,918	-	(\$487,427)	\$2,883,491	(\$727,288)	\$0	(\$2,350,717)
Jul-00	(\$2,824,261)	\$2,500,018	\$3,482,260	(\$982,242)		(\$3,806,503)	(\$2,350,717)	\$2,500,018	\$3,482,260	(793.47)	\$181,949	\$3,665,003	(\$1,164,985)	\$0	(\$3,515,701)
Aug-00	(\$3,806,503)	\$2,687,687	\$3,475,473	(\$787,786)		(\$4,594,289)	(\$3,515,701)	\$2,687,687	\$3,475,473	-	\$123,215	\$3,598,688	(\$911,001)	\$0	(\$4,426,702)
Sep-00	(\$4,594,289)	\$2,687,502	\$2,153,587	\$533,915		(\$4,060,374)	(\$4,426,702)	\$2,687,502	\$2,153,587	351,433.43	\$174,488	\$1,976,641	\$710,861	\$0	(\$3,715,841)
Oct-00	(\$4,060,374)	\$1,137,043		\$1,137,043		(\$2,923,331)	(\$3,715,841)	\$1,137,043					\$1,137,043	\$0	(\$2,578,798)
Subtotal - 2000		\$16,667,374	\$19,170,660	(\$2,503,286)	(\$420,045)			\$16,667,374	\$19,170,660	\$350,940	\$6,407	\$18,826,127	(\$2,158,753)	(\$420,045)	

(a) column (f) for prior month
 (b) from Company revenue reports
 (c) from Last Resort Service invoices
 (d) column (b) - column (c)
 (e) 1999: misc billing adjustments
 May 2000: Remaining balance from Eastern Utilities Last Resort Service reconciliation
 (f) column (a) + column (d) + column (e)
 (g) column (o) for prior month
 (h) column (b)
 (i) column (c)
 (j) from Last Resort Service bills - adjustment booked in current month relating to service rendered in prior month
 (k) from Last Resort Service bills - for service rendered in current month and booked in subsequent month
 (l) column (i) - column (j) + column (k)
 (m) column (h) - column (l)
 (n) column (e) for 1999 through 2001
 October 2004, October 2006, October 2007: corrections to revenues.
 (o) (o)=(g)+(m)+(n)

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The Narragansett Electric Company
Last Resort Reconciliation

Month	(Under)/Over Beginning Balance (a)	Last Resort Revenue (b)	Last Resort Expense (c)	Monthly (Under)/Over (d)	Adjustments (e)	(Under)/Over Ending Balance (f)	(Under)/Over Beginning Balance (g)	Last Resort Revenue (h)	Last Resort Expense (i)	Reconciliation Booked in Month (j)	Actual Reconciliation for Month (k)	Adjusted Last Resort Expense (l)=(i)-(j)+(k)	Adjusted Monthly (Under)/Over (m)	Adjustments/ Corrections (n)	Adjusted (Under)/Over Ending Balance (o)=(g)+(m)+(n)
Oct-02	\$0	\$21,551	\$168,977	(\$147,426)		(\$147,426)	\$0	\$21,551	\$168,977	(\$36,804)	(\$75,770)	\$130,011	(\$108,460)		(\$108,460)
Nov-02	(\$147,426)	\$188,649	(\$289,841)	\$478,489		\$331,064	(\$108,460)	\$188,649	(\$289,841)	(\$481,811)	\$223	\$192,193	(\$3,544)		(\$112,004)
Dec-02	\$331,064	\$190,347	\$427,937	(\$237,590)		\$93,474	(\$112,004)	\$190,347	\$427,937	(\$75,251)	(\$50,108)	\$453,079	(\$262,732)		(\$374,736)
Jan-03	\$93,474	\$841,176	\$973,058	(\$131,882)		(\$38,408)	(\$374,736)	\$841,176	\$973,058	(\$77,051)	\$89,407	\$1,139,516	(\$298,340)		(\$673,076)
Feb-03	(\$38,408)	\$952,209	\$898,672	\$53,537		\$15,129	(\$673,076)	\$952,209	\$898,672	(\$22,751)	(\$54,822)	\$866,601	\$85,608		(\$587,468)
Mar-03	\$15,129	\$968,274	\$1,220,880	(\$252,606)		(\$237,477)	(\$587,468)	\$968,274	\$1,220,880	\$0	(\$30,001)	\$1,190,878	(\$222,604)		(\$810,072)
Apr-03	(\$237,477)	\$1,298,975	\$1,465,439	(\$166,465)		(\$403,941)	(\$810,072)	\$1,298,975	\$1,465,439	(\$75,770)	(\$72,236)	\$1,468,973	(\$169,998)		(\$980,071)
May-03	(\$403,941)	\$1,553,706	\$1,331,291	\$222,415		(\$181,527)	(\$980,071)	\$1,553,706	\$1,331,291	(\$50,108)	(\$8,126)	\$1,373,273	\$180,433		(\$799,638)
Jun-03	(\$181,527)	\$1,658,485	\$1,919,430	(\$260,945)		(\$442,472)	(\$799,638)	\$1,658,485	\$1,919,430	\$89,407	(\$47,236)	\$1,782,786	(\$124,301)		(\$923,940)
Jul-03	(\$442,472)	\$1,844,300	\$2,164,502	(\$320,202)		(\$762,673)	(\$923,940)	\$1,844,300	\$2,164,502	(\$84,600)	(\$199,175)	\$2,049,927	(\$205,627)		(\$1,129,567)
Aug-03	(\$762,673)	\$2,093,799	\$1,769,350	\$324,449		(\$438,225)	(\$1,129,567)	\$2,093,799	\$1,769,350	(\$72,236)	(\$33,672)	\$1,807,915	\$285,884		(\$843,683)
Sep-03	(\$438,225)	\$1,290,939	\$904,621	\$386,318		(\$51,907)	(\$843,683)	\$1,290,939	\$904,621	(\$8,126)	\$48,030	\$960,777	\$330,161		(\$513,521)
Oct-03	(\$51,907)	\$612,074		\$612,074		\$560,167	(\$513,521)	\$612,074	\$0				\$612,074		\$98,553
Subtotal - 2003		\$13,514,483	\$12,954,316	\$560,167	\$0			\$13,514,483	\$12,954,316	(\$895,101)	(\$433,487)	\$13,415,931	\$98,553		
Oct-03	\$0	\$247,222	\$667,643	(\$420,421)		(\$420,421)	\$0	\$247,222	\$667,643	(\$47,236)	\$15,425	\$730,304	(\$483,082)		(\$483,082)
Nov-03	(\$420,421)	\$705,566	\$474,470	\$231,096		(\$189,325)	(\$483,082)	\$705,566	\$474,470	(\$199,175)	\$70,646	\$744,290	(\$38,724)		(\$521,806)
Dec-03	(\$189,325)	\$743,377	\$802,561	(\$59,183)		(\$248,508)	(\$521,806)	\$743,377	\$802,561	(\$33,672)	\$50,533	\$886,765	(\$143,388)		(\$665,194)
Jan-04	(\$248,508)	\$1,113,875	\$1,240,995	(\$127,120)		(\$375,629)	(\$665,194)	\$1,113,875	\$1,240,995	\$48,030	(\$26,874)	\$1,166,091	(\$52,216)		(\$717,410)
Feb-04	(\$375,629)	\$1,083,364	\$1,049,134	\$34,230		(\$341,399)	(\$717,410)	\$1,083,364	\$1,049,134	\$15,425	\$34,018	\$1,067,727	\$15,637		(\$701,774)
Mar-04	(\$341,399)	\$1,227,421	\$1,118,045	\$109,376		(\$232,023)	(\$701,774)	\$1,227,421	\$1,118,045	\$70,646	\$28,690	\$1,076,090	\$151,332		(\$550,442)
Apr-04	(\$232,023)	\$891,087	\$889,066	\$2,021		(\$230,002)	(\$550,442)	\$891,087	\$889,066	\$50,533	(\$7,513)	\$831,020	\$60,067		(\$490,375)
May-04	(\$230,002)	\$769,192	\$1,108,274	(\$339,082)		(\$569,084)	(\$490,375)	\$769,192	\$1,108,274	(\$26,874)	\$16,368	\$1,151,517	(\$382,324)		(\$872,699)
Jun-04	(\$569,084)	\$1,459,979	\$1,651,906	(\$191,927)		(\$761,011)	(\$872,699)	\$1,459,979	\$1,651,906	\$34,018	(\$83,076)	\$1,534,812	(\$74,833)		(\$947,533)
Jul-04	(\$761,011)	\$1,638,274	\$1,663,369	(\$25,095)		(\$786,106)	(\$947,533)	\$1,638,274	\$1,663,369	\$28,690	(\$69,868)	\$1,564,811	\$73,463		(\$874,070)
Aug-04	(\$786,106)	\$1,432,671	\$1,397,861	\$34,810		(\$751,296)	(\$874,070)	\$1,432,671	\$1,397,861	(\$7,513)	(\$37,308)	\$1,368,065	\$64,606		(\$809,464)
Sep-04	(\$751,296)	\$1,233,357	\$1,023,604	\$209,753		(\$541,543)	(\$809,464)	\$1,233,357	\$1,023,604	\$16,368	\$26,096	\$1,033,333	\$200,024		(\$609,440)
Oct-04	(\$541,543)	\$612,959		\$612,959		\$71,416	(\$609,440)	\$612,959	\$0				\$612,959		\$3,519
Subtotal - 2004		\$13,158,343	\$13,086,928	\$71,416	\$0			\$13,158,343	\$13,086,928	(\$50,762)	\$17,135	\$13,154,824	\$3,519		

(a) column (f) for prior month
(b) from Company revenue reports
(c) from Last Resort Service invoices
(d) column (b) - column (c)
(e) n/a
(f) column (a) + column (d) + column (e)
(g) column (o) for prior month
(h) column (b)
(i) column (c)
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(l) column (i) - column (j) + column (k)
(m) column (h) - column (l)
(n) column (e) for 1999 through 2001
October 2004, October 2006, October 2007: corrections to revenues.
(o) (o)=(g)+(m)+(n)

The Narragansett Electric Company
Last Resort Reconciliation

<u>Month</u>	<u>(Under)/Over Beginning Balance</u> (a)	<u>Last Resort Revenue</u> (b)	<u>Last Resort Expense</u> (c)	<u>Monthly (Under)/Over</u> (d)	<u>Adjustments</u> (e)	<u>(Under)/Over Ending Balance</u> (f)	<u>(Under)/Over Beginning Balance</u> (g)	<u>Last Resort Revenue</u> (h)	<u>Last Resort Expense</u> (i)	<u>Reconciliation Booked in Month</u> (j)	<u>Actual Reconciliation for Month</u> (k)	<u>Adjusted Last Resort Expense</u> (l)=(i)-(j)+(k)	<u>Adjusted Monthly (Under)/Over</u> (m)	<u>Adjustments/ Corrections</u> (n)	<u>Adjusted (Under)/Over Ending Balance</u> (o)=(g)+(m)+(n)
Oct-06	\$0	\$493,406	\$1,376,415	(\$883,009)		(\$883,009)	\$0	\$493,406	\$1,376,415	\$8,829	\$176,016	\$1,543,602	(\$1,050,196)	(\$608)	(\$1,050,804)
Nov-06	(\$883,009)	\$1,222,267	\$805,211	\$417,056		(\$465,953)	(\$1,050,804)	\$1,222,267	\$805,211	(\$59,137)	\$121,015	\$985,363	\$236,904		(\$813,900)
Dec-06	(\$465,953)	\$1,105,764	\$1,178,880	(\$73,116)		(\$539,069)	(\$813,900)	\$1,105,764	\$1,178,880	\$4,134	\$118,683	\$1,293,429	(\$187,665)		(\$1,001,565)
Jan-07	(\$539,069)	\$1,564,865	\$1,900,211	(\$335,346)		(\$874,415)	(\$1,001,565)	\$1,564,865	\$1,900,211	\$159,729	(\$48,744)	\$1,691,738	(\$126,873)		(\$1,128,438)
Feb-07	(\$874,415)	\$1,770,833	\$1,780,041	(\$9,209)		(\$883,624)	(\$1,128,438)	\$1,770,833	\$1,780,041	\$176,016	(\$3,301)	\$1,600,725	\$170,108		(\$958,330)
Mar-07	(\$883,624)	\$1,657,855	\$1,580,786	\$77,070		(\$806,554)	(\$958,330)	\$1,657,855	\$1,580,786	\$121,015	(\$47,170)	\$1,412,601	\$245,254		(\$713,076)
Apr-07	(\$806,554)	\$1,412,530	\$1,155,927	\$256,603		(\$549,951)	(\$713,076)	\$1,412,530	\$1,155,927	\$118,683	(\$6,534)	\$1,030,710	\$381,820		(\$331,256)
May-07	(\$549,951)	\$1,072,630	\$1,105,926	(\$33,296)		(\$583,247)	(\$331,256)	\$1,072,630	\$1,105,926	(\$48,744)	\$4,896	\$1,159,566	(\$86,936)		(\$418,192)
Jun-07	(\$583,247)	\$1,168,673	\$1,278,547	(\$109,874)		(\$693,121)	(\$418,192)	\$1,168,673	\$1,278,547	(\$3,301)	\$19,715	\$1,301,562	(\$132,890)		(\$551,082)
Jul-07	(\$693,121)	\$1,396,838	\$1,525,021	(\$128,183)		(\$821,304)	(\$551,082)	\$1,396,838	\$1,525,021	(\$47,170)	\$76,468	\$1,648,659	(\$251,821)		(\$802,903)
Aug-07	(\$821,304)	\$1,574,783	\$1,853,667	(\$278,884)		(\$1,100,188)	(\$802,903)	\$1,574,783	\$1,853,667	(\$6,534)	\$270,911	\$2,131,112	(\$556,329)		(\$1,359,232)
Sep-07	(\$1,100,188)	\$2,128,067	\$1,960,977	\$167,090		(\$933,098)	(\$1,359,232)	\$2,128,067	\$1,960,977	\$4,896	\$111,260	\$2,067,340	\$60,727		(\$1,298,505)
Oct-07	(\$933,098)	\$1,498,043	\$0	\$1,498,043		\$564,945	(\$1,298,505)	\$1,498,043	\$0				\$1,498,043	(\$11,205)	\$188,333
Subtotal - 2007		\$18,066,553	\$17,501,608	\$564,945	\$0			\$18,066,553	\$17,501,608	\$428,415	\$793,215	\$17,866,407	\$200,146	(\$11,813)	
Cumulative Total		\$125,291,944	\$126,610,906	(\$1,318,962)	(\$366,281)	(\$1,685,243)		\$125,291,944	\$126,610,906	(\$2,427,038)	(\$1,950,685)	\$127,087,259	(\$1,795,315)	(\$431,478)	(\$2,226,793)

- (a) column (f) for prior month
(b) from Company revenue reports
(c) from Last Resort Service invoices
(d) column (b) - column (c)
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(o) (o)=(g)+(m)+(n)

	(Under)/Over Beginning Balance	Last Resort Revenue	Last Resort Expense	Monthly (Under)/Over	Adjustments	(Under)/Over Ending Balance	(Under)/Over Beginning Balance	Last Resort Revenue	Last Resort Expense	Reconciliation Booked in Month	Adjusted Actual Reconciliation for Month	Adjusted Last Resort Expense	Adjusted Monthly (Under)/Over	Adjustments/ Corrections	Adjusted (Under)/Over Ending Balance
Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)=(i)-(j)+(k)	(m)	(n)	(o)=(g)+(m)+(n)
Oct-03	\$0	\$239,623	\$642,572	(\$402,949)		(\$402,949)	\$0	\$239,623	\$642,572	(\$47,236)	\$14,830	\$704,638	(\$465,015)		(\$465,015)
Nov-03	(\$402,949)	\$681,132	\$446,432	\$234,701		(\$168,248)	(\$465,015)	\$681,132	\$446,432	(\$199,175)	\$73,697	\$719,304	(\$38,171)		(\$503,187)
Dec-03	(\$168,248)	\$714,428	\$768,570	\$54,142)		(\$222,391)	(\$503,187)	\$714,428	\$768,570	(\$33,672)	\$48,972	\$851,214	(\$136,786)		(\$639,972)
Jan-04	(\$222,391)	\$1,080,277	\$1,199,874	(\$119,598)		(\$341,988)	(\$639,972)	\$1,080,277	\$1,199,874	\$46,562	(\$26,843)	\$1,126,469	(\$46,192)		(\$686,164)
Feb-04	(\$341,988)	\$1,051,364	\$1,016,546	\$34,817		(\$307,171)	(\$686,164)	\$1,051,364	\$1,016,546	\$14,830	\$33,845	\$1,035,561	\$15,802		(\$670,362)
Mar-04	(\$307,171)	\$1,198,172	\$1,096,359	\$101,812		(\$205,359)	(\$670,362)	\$1,198,172	\$1,096,359	\$73,697	\$28,776	\$1,051,438	\$146,734		(\$523,628)
Apr-04	(\$205,359)	\$865,125	\$867,044	(\$1,919)		(\$207,278)	(\$523,628)	\$865,125	\$867,044	\$48,972	(\$7,405)	\$801,667	\$54,458		(\$469,171)
May-04	(\$207,278)	\$744,318	\$1,087,544	(\$343,226)		(\$550,504)	(\$469,171)	\$744,318	\$1,087,544	(\$26,843)	\$15,667	\$1,130,054	(\$385,737)		(\$854,907)
Jun-04	(\$550,504)	\$1,432,460	\$1,621,906	(\$189,446)		(\$739,949)	(\$854,907)	\$1,432,460	\$1,621,906	\$33,845	(\$82,520)	\$1,505,431	(\$73,080)		(\$927,988)
Jul-04	(\$739,949)	\$1,606,269	\$1,622,582	(\$16,313)		(\$756,263)	(\$927,988)	\$1,606,269	\$1,622,582	\$28,776	(\$69,830)	\$1,523,976	\$82,293		(\$845,695)
Aug-04	(\$756,263)	\$1,395,391	\$1,358,712	\$36,679		(\$719,584)	(\$845,695)	\$1,395,391	\$1,358,712	(\$7,405)	(\$37,772)	\$1,328,345	\$67,046		(\$778,649)
Sep-04	(\$719,584)	\$1,194,503	\$990,776	\$203,728		(\$515,856)	(\$778,649)	\$1,194,503	\$990,776	\$15,667	\$27,398	\$1,002,506	\$191,997		(\$586,652)
Oct-04	(\$515,856)	\$589,002	\$0	\$589,002		\$73,146	(\$586,652)	\$589,002	\$0				\$589,002		\$2,350
Subtotal 2004		\$12,792,064	\$12,718,917	\$73,146	\$0			\$12,792,064	\$12,718,917	(\$51,982)	\$18,815	\$12,789,713	\$2,350	\$0	
Oct-04	\$74,404	\$217,882	\$707,922	(\$490,040)		(\$415,636)	\$74,404	\$217,882	\$707,922	(\$82,520)	\$17,036	\$807,478	(\$589,596)	(\$49,559)	(\$564,751)
Nov-04	(\$415,636)	\$974,613	\$564,856	\$409,757		(\$5,879)	(\$564,751)	\$974,613	\$564,856	(\$69,830)	\$14,859	\$649,545	\$325,068		(\$239,683)
Dec-04	(\$5,879)	\$772,498	\$941,688	(\$169,189)		(\$175,069)	(\$239,683)	\$772,498	\$941,688	(\$37,772)	(\$25,880)	\$953,579	(\$181,081)		(\$420,764)
Jan-05	(\$175,069)	\$1,236,991	\$1,375,133	(\$138,142)		(\$313,211)	(\$420,764)	\$1,236,991	\$1,375,133	\$27,398	\$1,270	\$1,349,004	(\$112,014)		(\$532,778)
Feb-05	(\$313,211)	\$1,281,955	\$1,020,192	\$261,763		(\$51,448)	(\$532,778)	\$1,281,955	\$1,020,192	\$17,036	(\$32,163)	\$970,993	\$310,962		(\$221,816)
Mar-05	(\$51,448)	\$919,112	\$737,097	\$182,015		(\$130,567)	(\$221,816)	\$919,112	\$737,097	\$14,859	(\$23,505)	\$698,734	\$220,378		(\$1,437)
Apr-05	\$130,567	\$587,979	\$574,412	\$13,567		\$144,134	(\$1,437)	\$587,979							

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- (n) October 2004, October 2006, October 2007: corrections to revenues.
- (o) $(g)+(m)+(n)$

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The Narragansett Electric Company
Last Resort Reconciliation

Month	(Under)/Over Beginning Balance (a)	Last Resort Revenue (b)	Last Resort Expense (c)	Monthly (Under)/Over (d)	Adjustments (e)	(Under)/Over Ending Balance (f)	(Under)/Over Beginning Balance (g)	Last Resort Revenue (h)	Last Resort Expense (i)	Reconciliation Booked in Month (j)	Adjusted Actual Reconciliation for Month (k)	Adjusted Last Resort Expense (l)=(i)-(j)+(k)	Adjusted Monthly (Under)/Over (m)	Adjustments/ Corrections (n)	Adjusted (Under)/Over Ending Balance (o)=(g)+(m)+(n)
Oct-05	\$0	\$344,941	\$1,173,084	(\$828,143)		(\$828,143)	\$0	\$344,941	\$1,173,084	\$260	\$138,453	\$1,311,277	(\$966,335)		(\$966,335)
Nov-05	(\$828,143)	\$1,241,826	\$2,320,199	(\$1,078,373)		(\$1,906,516)	(\$966,335)	\$1,241,826	\$2,320,199	\$5,919	(\$60,677)	\$2,253,604	(\$1,011,778)		(\$1,978,113)
Dec-05	(\$1,906,516)	\$3,085,079	\$3,310,880	(\$225,801)		(\$2,132,317)	(\$1,978,113)	\$3,085,079	\$3,310,880	\$650	\$113,857	\$3,424,087	(\$339,008)		(\$2,317,121)
Jan-06	(\$2,132,317)	\$3,788,271	\$4,169,003	(\$380,732)		(\$2,513,049)	(\$2,317,121)	\$3,788,271	\$4,169,003	(\$4,202)	(\$355,953)	\$3,817,252	(\$28,981)		(\$2,346,102)
Feb-06	(\$2,513,049)	\$4,072,193	\$3,210,569	\$861,624		(\$1,651,424)	(\$2,346,102)	\$4,072,193	\$3,210,569	\$113,893	(\$85,155)	\$3,011,521	\$1,060,672		(\$1,285,429)
Mar-06	(\$1,651,424)	\$3,095,253	\$2,420,648	\$674,605		(\$976,819)	(\$1,285,429)	\$3,095,253	\$2,420,648	\$138,453	(\$120,073)	\$2,162,122	\$933,131		(\$352,298)
Apr-06	(\$976,819)	\$1,628,945	\$1,315,646	\$313,299		(\$663,520)	(\$352,298)	\$1,628,945	\$1,315,646	(\$60,677)	(\$111,827)	\$1,264,496	\$364,449		\$12,151
May-06	(\$663,520)	\$1,206,364	\$1,441,205	(\$234,841)		(\$898,361)	\$12,151	\$1,206,364	\$1,441,205	\$113,857	\$7,143	\$1,334,492	(\$128,128)		(\$115,977)
Jun-06	(\$898,361)	\$1,201,409	\$1,032,997	\$168,412		(\$729,949)	(\$115,977)	\$1,201,409	\$1,032,997	(\$355,953)	(\$59,066)	\$1,329,883	(\$128,475)		(\$244,452)
Jul-06	(\$729,949)	\$1,355,797	\$1,556,525	(\$200,728)		(\$930,677)	(\$244,452)	\$1,355,797	\$1,556,525	(\$85,155)	(\$3,456)	\$1,638,224	(\$282,427)		(\$526,879)
Aug-06	(\$930,677)	\$1,595,365	\$1,524,415	\$70,950		(\$859,727)	(\$526,879)	\$1,595,365	\$1,524,415	(\$120,073)	\$146,472	\$1,790,960	(\$195,595)		(\$722,474)
Sep-06	(\$859,727)	\$1,421,386	\$1,106,095	\$315,291		(\$544,436)	(\$722,474)	\$1,421,386	\$1,106,095	(\$111,827)	\$164,857	\$1,382,779	\$38,607		(\$683,867)
Oct-06	(\$544,436)	\$745,845	\$0	\$745,845		\$201,408	(\$683,867)	\$745,845	\$0			\$745,845			\$61,978
Subtotal 2006		\$24,782,674	\$24,581,266	\$201,408	\$0			\$24,782,674	\$24,581,266	(\$364,855)	(\$225,424)	\$24,720,696	\$61,978	\$0	
Oct-06	\$0	\$477,260	\$1,334,687	(\$857,427)		(\$857,427)	\$0	\$477,260	\$1,334,687	\$7,143	\$164,857	\$1,492,401	(\$1,015,141)	(\$608)	(\$1,015,749)
Nov-06	(\$857,427)	\$1,184,140	\$777,547	\$406,594		(\$450,834)	(\$1,015,749)	\$1,184,140	\$777,547	(\$59,066)	\$111,914	\$948,527	\$235,614		(\$780,135)
Dec-06	(\$450,834)	\$1,061,727	\$1,131,079	(\$69,351)		(\$520,185)	(\$780,135)	\$1,061,727	\$1,131,079	(\$3,456)	\$108,373	\$1,242,908	(\$181,180)		(\$961,316)
Jan-07	(\$520,185)	\$1,517,954	\$1,836,143	(\$318,189)		(\$838,374)	(\$961,316)	\$1,517,954	\$1,836,143	\$146,472	(\$57,216)	\$1,632,455	(\$114,500)		(\$1,075,816)
Feb-07	(\$838,374)	\$1,729,576	\$1,720,539	\$9,037		(\$829,337)	(\$1,075,816)	\$1,729,576	\$1,720,539	\$164,857	(\$12,209)	\$1,543,473	\$186,103		(\$889,713)
Mar-07	(\$829,337)	\$1,616,232	\$1,530,635	\$85,597		(\$743,740)	(\$889,713)	\$1,616,232	\$1,530,635	\$111,914	(\$54,158)	\$1,364,563	\$251,669		(\$638,044)
Apr-07	(\$743,740)	\$1,376,765	\$1,117,578	\$259,187		(\$484,553)	(\$638,044)	\$1,376,765	\$1,117,578	\$108,373	(\$11,248)	\$997,957	\$378,808		(\$259,236)
May-07	(\$484,553)	\$1,040,685	\$1,064,726	(\$24,041)		(\$508,595)	(\$259,236)	\$1,040,685	\$1,064,726	(\$57,216)	\$845	\$1,122,787	(\$82,103)		(\$341,339)
Jun-07	(\$508,595)	\$1,136,835	\$1,230,607	(\$93,772)		(\$602,367)	(\$341,339)	\$1,136,835	\$1,230,607	(\$12,209)	\$12,693	\$1,255,510	(\$118,675)		(\$460,014)
Jul-07	(\$602,367)	\$1,354,256	\$1,466,848	(\$112,592)		(\$714,959)	(\$460,014)	\$1,354,256	\$1,466,848	(\$54,158)	\$68,888	\$1,589,894	(\$235,638)		(\$695,652)
Aug-07	(\$714,959)	\$1,526,098	\$1,796,984	(\$270,886)		(\$985,845)	(\$695,652)	\$1,526,098	\$1,796,984	(\$11,248)	\$263,300	\$2,071,532	(\$545,434)		(\$1,241,086)
Sep-07	(\$985,845)	\$2,084,985	\$1,920,857	\$164,128		(\$821,717)	(\$1,241,086)	\$2,084,985	\$1,920,857	\$845	\$104,718	\$2,024,729	\$60,256		(\$1,180,830)
Oct-07	(\$821,717)	\$1,473,788	\$0	\$1,473,788		\$652,071	(\$1,180,830)	\$1,473,788	\$0			\$1,473,788	(\$11,205)		\$281,753
Subtotal 2007		\$17,580,302	\$16,928,231	\$652,071	\$0			\$17,580,302	\$16,928,231	\$342,252	\$700,757	\$17,286,736	\$293,566	(\$11,813)	
Cumulative Total		\$65,949,214	\$64,524,412	\$1,424,802	\$0	\$1,424,802		\$65,949,214	\$64,524,412	(\$284,001)	\$450,082	\$65,258,496	\$690,718	(\$61,372)	\$629,346

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(e) n/a
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