

**MDL-Workpaper
Regulatory Income Statement**

**National Grid - RI Gas
Regulatory Income Statement
For the Twelve Months ended September 30, 2007**

	<u>Reg Account</u>	<u>12 Month Total</u>
<u>OPERATING REVENUE</u>		
Sales of Electric Energy		0
Residential-Gas	480000	299,584,747
Commercial & Industrial-Gas	481000	134,055,247
Sales for Resale-SUG MA Ops	483000	131,495
Gas Sales		433,771,489
<u>Other Revenues</u>		
Other Elec Rev-Misc	456040	(5,472)
Other Operating Revenue		(5,472)
Misc Service Revenue-Gas	488000	(402,395)
Rev-Transport of Gas of Others	489300	13,999,515
Rent From Gas Property	493000	263,253
Other Gas Revenue	495000	910,118
Other Gas Revenue		14,770,491
Total Other Revenues		14,765,019
TOTAL OPERATING REVENUE		448,536,508
<u>OPERATING EXPENSES</u>		
Liquefied Petroleum Gas	728000	324,067
Natural Gas City Gate Purch	804000	269,783,605
Other Gas Purchases	805000	(87,198)
Gas Withdrawn from Storage-Dr	808100	23,050,071
Gas Delivered to UG Storage-Cr	808200	254,248
LNG Withdrawals for Process-DR	809100	8,478,866
Gas Used for Compressor Statio	810000	61
Gas Used Other Utility Oper-Cr	812000	(742,849)
Other Gas Supply Exp	813000	(632,859)
Purchased Energy		300,428,013
Fuel for Generation		0
<u>O&M Expenses</u>		
<u>Steam Power Generation Expenses-O&M</u>		
Operate Steam Power Generation		0
Maint Steam Power Generation		0
Subtotal Steam Power Generation Expenses-O&M		0
<u>Other Power Generation Expenses-O&M</u>		
Operate Other Power Generation		0
Maint Other Power Generation		0
Other Power Supply Expenses		0
Subtotal Other Power Generation Expenses-O&M		0
<u>Hydro Power Generation Expenses-O&M</u>		
Operate Hydro Power Generation		0
Maint Hydro Power Generation		0
Subtotal Hydro Power Generation Expenses-O&M		0
<u>Transmission Expenses-O&M</u>		
Oper Transmission Facilities		0
Maint Transmission Facilities		0
Subtotal Transmission Expenses-O&M		0
<u>Distribution Expenses-O&M</u>		
Dist Oper-Electric Meters	586000	241
Operate Dist Facilities		241
Dist Maint-Overhead Lines	593000	3,017
Maint Distribution Facilities		3,017
Subtotal Distribution Expenses-O&M		3,258

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<u>Gas Expenses-O&M</u>		
Liquefied Petroleum Gas Exp	717000	178,416
Fuel Liquefied Petro Gas Proc	723000	6,079
Maint Structures&Improvements	741000	57,217
Maint of Production Equipment	742000	11,762
Rents	760000	2,558
Production Expenses-Gas		<u>256,033</u>
Operation Supv & Eng	840000	313,517
LNG Proc Terminal Labor & Exp	844200	472,120
LNG Term & Process Exp-Fuel	845100	26,005
LNG Term & Process Exp-Power	845200	23,341
LNG Term & Process Exp-Rents	845300	36,069
Gas Oper-Dist Supv & Eng	870000	1,121,484
Gas Oper-Dist-Load Dispatching	871000	996,112
Compressor Station Fuel&Power	873000	120,971
Gas Oper-Dist-Mains & Services	874000	1,393,639
Gas Oper-Station Exp-General	875000	649,648
Gas Oper-Stat Exp-Industrial	876000	220,948
Gas Oper-Residential Meter Exp	878000	2,862,127
Gas Oper-Customer Installation	879000	37,506
Gas Oper-Misc Expenses	880000	2,534,531
Operate Gas Facilities		<u>10,808,018</u>
Maint of LNG plant buildings	847200	112,052
Maint LNG Proc Terminal Equip	847300	169,706
Maint Measuring & Reg Equip	847500	116
LNG Term&Proc-Maint Oth Equip	847800	131,439
Gas Maint-Supervision & Eng	885000	699,580
Gas Maint-Mains	887000	10,636,983
Gas Maint-Compressor Equipment	888000	4,364
Gas Maint-Station Exp-General	889000	265,636
Gas Maint-Stat Exp-Industrial	890000	5,886
Gas Maint-Stat Exp-City Gate	891000	257,055
Gas Maint-Services	892000	2,881,106
Gas Maint-Residential MeterExp	893000	1,980,884
Maintenance of Other Equipment	894000	72,288
Maintain Gas Facilities		<u>17,217,096</u>
Subtotal Gas Expenses-O&M		<u>28,281,147</u>
<u>Customer Expenses-O&M</u>		
Cust Acct-Supervision	901000	294,087
Cust Acct-Meter Reading Exp	902000	1,854,971
Cust Records & Collection	903000	8,566,716
Uncollectible Accounts	904000	9,004,641
Cust Acct-Misc Expenses	905000	240,805
Customer Accts Oper Exp-Elec		<u>19,961,220</u>
Cust Service-Supervision	907000	460,358
Cust Assistance Expenses	908000	965,155
Info&Instruct Advertising Exp	909000	94,221
Cust Service-Misc Expenses	910000	75,632
Sales-Misc Expenses	916000	71,048
Cust Service & Info Expenses		<u>1,666,415</u>
<u>Administration Expenses-O&M</u>		
A&G-Salaries	920000	5,733,009
A&G-Office Supplies	921000	5,648,500
Admin Expense Transferred-CR	922000	10
A&G-Outside Services Employed	923000	2,488,432

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Property Insurance	924000	12,716
Injuries & Damages Insurance	925000	1,983,586
Employee Pensions & Benefits	926000	20,775,807
Regulatory Comm Expenses	928000	1,544,309
A&G-Misc Expenses	930200	2,423,254
A&G-Research & Development	930210	37,357
A&G-Rents	931000	1,682,438
Airplane Rent Expense-Elim	931005	12,799
Administrative Oper Exp-Elec		42,342,218
A&G Maint-General Plant-Elec	935000	97,963
Administrative Maint Expenses		97,963
Subtotal Administration Expenses-O&M		42,440,181
Total Operation Expenses		75,034,144
Total Maintenance Expenses		17,318,076
O&M Expenses		92,352,220
<u>Depreciation & Amortization</u>		
Depreciation Expense - LAB	403010	780,621
Depreciation Expense - PAM	403030	18,339,405
Depreciation Expense-AR Costs	403100	10,322
Depreciation		19,130,348
Amort Limited Term Elec Plant	404000	1,851,045
Amort of Other Plant	405000	382,022
Amortization Other Gas Plant	405010	1,025,565
Amortization		3,258,631
Depreciation & Amortization		22,388,979
<u>Taxes Other than Income Taxes</u>		
Tx Oth Inc Tx-Fed Unempl Comp	408100	31,116
Federal Unemployment		31,116
Tx Oth Inc Tx-FICA Co Portion	408110	2,862,126
Company FICA		2,862,126
Tx Oth Inc Tx-St Unempl Tax	408130	143,768
State Unemployment		143,768
Tx Oth Inc Tx-Mun Op Prop	408140	6,920,312
Tx Oth Inc Tx-Sales Use & Util	408195	38,313
Municipal Property Tax		6,958,625
Franchise Tax		0
Tx Oth Inc Tx-Misc	408150	578
Tx Oth Inc Tx-St Gross Earn	408160	14,117,088
Miscellaneous		14,117,666
Taxes Other than Income Taxes		24,113,301
Current State Income Taxes		0
Deferred State Income Taxes-DR		0
Deferred State Income Taxes-CR		0
Fed Inc Tx-Utility Operations	409151	(4,559,582)
Current Federal Income Taxes		(4,559,582)
Def FIT Expense-Debit	410100	21,303,200
Deferred Fed Income Taxes-DR		21,303,200
Def FIT Expense-Credit	411100	(15,700,000)
Deferred Fed Income Taxes-CR		(15,700,000)
Investment Tax Credit Adj		0
Current Tax-Exceptional Items		0
Deferred Tax-Exceptional Items		0
Gain/Loss Dispos of Util Plant		0
ARO-Accretion Expense	411101	173,810
ARO-Accretion Expense		173,810

MDL-Workpaper
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For the Twelve Months ended September 30, 2007

	Reg Account	12 Month Total
TOTAL OPERATING EXPENSES		440,499,941
NET OPERATING INCOME		8,036,567
<u>OTHER INCOME AND DEDUCTIONS</u>		
Allow Oth Funds Used Dur Cons	419100	35,134
Allow Oth Funds Used Dur Cons		35,134
Equity in Earnings of Subs		0
<u>Other Income & Deductions</u>		
<u>Income Taxes</u>		
Fed Inc Tx-Nonutility Oper	409200	(728,800)
Current Federal		(728,800)
Deferred Federal		0
Current State		0
Deferred State		0
Income Taxes		(728,800)
Rev from Nonutility Operations	417000	1,068,788
Exp from Nonutility Operations	417100	2,013
NGT Share Awards	417110	(7,720)
Nonutility Operations		1,063,081
Non-Operating Rental Income		0
Municipal & Other Taxes		0
Dividends		0
Temp Cash Investments		0
Int&Div Inc-Other Interest	419102	1,165,651
Money Pool Interest Income		1,165,651
Interest Income	419010	20,589
Other Interest Income		20,589
Investment Tax Credits		0
Discontinued Operations		0
Misc Non-Operating Income	421002	21,145
Misc Non-Operating Income		21,145
Realized Gn/Ls on Def Comp Inv		0
Gain on Disp of Property		0
Loss on Disp of Property	421200	(520)
Loss on Disp of Property		(520)
Impairment of Assets-Oper		0
Miscellaneous Amortization		0
<u>Other Income Deductions</u>		
Dividend Income-Parent		0
Donations	426100	(236,428)
Donations		(236,428)
Civic & Political Activity	426400	(124,240)
Civic & Political Activity		(124,240)
Def Comp Inv-Life Ins	426200	139,541
Penalties	426300	(35,029)
Tax-Related Penalties	426302	(14)
Other Deductions	426500	49,273
Other Deductions		153,772
Service Co Net Income		0
Other Income Deductions		(206,897)
Other Income & Deductions		1,334,249
Equity in Minority Interest		0

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For the Twelve Months ended September 30, 2007

	Reg Account	12 Month Total
TOTAL OTHER INCOME AND DEDUCTIONS		1,369,383
INCOME BEFORE INTEREST CHARGES		9,405,950
<u>INTEREST CHARGES</u>		
Interest on LTD	427000	5,866,364
Interest on Long Term Debt		5,866,364
Amort Debt Disc & Exp	428000	12,554
Amort of Bond Discount & Exp		12,554
Amort of Bond Premium		0
Amort of Gain/Loss Reacq Debt		0
Interest on Debt to Assoc Cos		0
Other Interest Expense	431000	959,676
Oth Int Exp-Tax	431010	1
Other Interest Expenses		959,677
Allow Brwd Funds Dur Const-CR	432000	(86,269)
Allow Brwd Funds Dur Con-CR		(86,269)
TOTAL INTEREST CHARGES		6,752,326
NET INCOME / (LOSS)		2,653,624
Preferred Dividends		0
Preferred Dividends of Subs		0
(Gain)/Loss on Preferred Stock		0
Extraordinary Items		0
NET INCOME AVAILABLE FOR COMMON		2,653,624

National Grid - RI Gas
Regulatory Balance Sheet
For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
ASSETS					
NET UTILITY PLANT					
PLANT ASSETS					
Utility Plant in Service	524,676,254	525,912,493	529,508,754	530,532,638	532,364,746
Utility Plant in Service-ARO	546,000	546,000	551,000	551,000	488,000
Completed Const not Classified	2,302,076	4,026,400	3,387,939	5,542,466	8,227,159
Utility Plant	527,524,330	530,484,893	533,447,692	536,626,103	541,079,905
Property Under Cap Leases	5,434,323	5,434,323	5,434,323	5,434,323	5,434,323
Property under Capital Leases	5,434,323	5,434,323	5,434,323	5,434,323	5,434,323
Accum Deprec of Plant	(245,462,265)	(249,947,243)	(253,199,413)	(257,626,690)	(261,738,042)
RWIP Reclass	295,772	805,189	1,000,483	1,486,396	2,031,629
Amort Plant-Intangible	(12,112,744)	(12,577,124)	(13,039,012)	(13,501,230)	(13,963,789)
Accum Prov for Depreciation	(257,279,238)	(261,719,178)	(265,237,942)	(269,641,724)	(273,670,203)
Sub Total Plant Assets	275,679,415	274,200,039	273,644,074	272,418,702	272,844,026
Construction in Progress	1,175,701	3,500,425	4,116,890	6,018,858	8,981,531
Construction in Progress	1,175,701	3,500,425	4,116,890	6,018,858	8,981,531
TOTAL NET UTILITY PLANT	276,855,117	277,700,464	277,760,963	278,437,560	281,825,557
GW - NEG	238,320,049	239,025,202	235,058,056	235,058,056	235,058,056
Goodwill, Net of Amortization	238,320,049	239,025,202	235,058,056	235,058,056	235,058,056
OTHER PROPERTY AND INVESTMENTS					
NET NONUTILITY PROPERTY					
Non Utility Property	0	0	0	0	0
Accum Prov for Depreciation-NU	0	0	0	0	0
Net Nonutility Property	0	0	0	0	0
Equity Investments	0	0	0	0	0
Other Invest - Warren Land	57,495	57,495	57,495	57,495	57,495
Other Investments	57,495	57,495	57,495	57,495	57,495
Oth Invest-Rollforward Contra	(57,495)	(57,495)	(57,495)	0	0
Oth Invest-Additions	57,495	57,495	57,495	0	0
Other	0	0	0	0	0
Derivative Instrument Asset-LT	0	0	0	0	0
TOTAL OTHER PROPERTY AND INVESTMENTS	57,495	57,495	57,495	57,495	57,495
CURRENT ASSETS					
Cash-General Funds	1,042,951	291,582	234,297	480,076	(877,176)
Cash Receipts Misc-AR	11	3,328	0	316	(732)
Cash-Outstanding Checks	0	0	0	574,267	323,497
Cash	1,042,972	294,911	234,297	1,054,659	(554,412)
Special Deposits	0	0	606,000	606,000	4,690,252
Other Special Deposits	0	0	606,000	606,000	4,690,252
Cash-Working Funds-General	3,953	3,600	3,352	1,200	1,200

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For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
Working Funds					
Temporary Cash Investments	3,953	3,600	3,352	1,200	1,200
Customer AR	0	0	0	0	0
Customer AR-Misc Billing	41,623,108	59,391,307	95,089,873	63,220,148	46,822,452
Merchandise Jobbing Rec	14,923	56,049	99,824	99,691	99,775
AR Under Collect-Access Charge	3,638	0	0	0	0
AR Gift Certificates	0	85	(151)	391	402
A/R - Intr Co Rcpts - Nimo	(1,255)	(1,205)	(1,030)	(1,030)	(1,030)
Cust A/R-Service Work Orders	47,671	57,187	1,045,404	29,352	36,143
Cust A/R Clear-Ref Check Writer	(161,503)	41,726	(27,279)	(437,896)	(464,522)
Oth A/R-DSM/Lineup DAC Contrib	(28,946)	(286,937)	(325,080)	0	0
Oth A/R-DAC Coll-Syst Pressure	(172,679)	(542,558)	(242,963)	31,062	(142,140)
Other - NEG	95,798	379,651	1,866,827	329,360	460,133
A/R - Intr Co Rcpts - RI Gas	1,815	525	525	0	0
Customer Accounts Receivable	41,422,570	59,004,881	(1,386,233)	67,021	(9,160)
Oth AR-Misc	19,074,604	19,190,149	96,514,525	63,338,100	46,802,052
Misc AR-Hwy & Erip	2,833,554	2,807,311	179,252	287,231	270,375
Oth A/R-Union Billable Labor	0	697	1,413,836	2,587,677	2,371,410
Sundries	439,483	449,542	235	1,276	267
Oth A/R- Emp Ins Advance	0	0	1,431,196	1,428,016	2,724,458
Oth A/R-Depndnt Care Odd Yr	(165)	(12,726)	(850)	(850)	(850)
Oth A/R-Health Care Spend Acct	(7,147)	(17,942)	(3,641)	(3,641)	(3,682)
A/R-Property Damage	4,458	3,920	(11,302)	(16,420)	(21,371)
Employee Cash Advances	3,939	3,939	4,328	880	26,421
Other Accounts Receivable	22,348,725	22,424,889	3,007,794	4,286,008	5,367,967
Notes Receivable	(110)	1,153	814	714	674
Customer Notes Receivable	(110)	1,153	814	714	674
Prov Uncoll Cust Accts	(6,916,779)	(8,095,127)	(6,582,846)	(7,607,246)	(6,796,019)
Accum Bad Debt-Non-Gas	(63,763)	(63,763)	(63,763)	(63,763)	(63,763)
Accum Bad Debt-PIPPs	(17,404)	472,089	(510,225)	(223,725)	(24,268)
Accum Prov for Uncoll Acc-Cr	(6,997,946)	(8,286,801)	(7,156,834)	(7,894,734)	(6,884,050)
NR From Associated Companies	0	0	0	0	0
AR Assoc Co-NGUSA (Parent)	0	0	512,833	21,367	223
AR Assoc Co-Nantucket	0	134	599	2,503	0
AR Assoc Co-MECO	0	51,815	180,505	59,045	20,552
AR Assoc Co-NEP	4,942,023	462,665	79,247	249,050	363,741
AR Assoc Co-NMPC	0	8,303	154,247	10,853	2,809
AR Assoc Co-Granite St. Elec	0	2,997	3,177	1,897	0
AR Assoc Co-Narr Elec	15,343,199	68,384,452	4,286,673	102,386,188	138,955,160
AR Assoc Co-Valley Appliance	7,407	223,119	584,057	47,762	43,054
AR Assoc Co-Grid UK Billing	0	0	0	0	1,013
AR Assoc Co-NGUSA Service Co	396,999	286,409	933,745	103,801	190,539

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For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
Accounts Rec Assoc Companies	20,690,339	69,419,896	6,735,083	102,882,467	139,577,090
Gas Stored Underground-Current	29,562,637	29,910,743	11,879,141	22,159,758	31,679,064
Fuel Stock - Propane	324,067	322,030	1,743	1,743	0
UG Storage-Liquefied Nat Gas	7,490,517	7,376,897	2,440,639	5,516,889	7,003,296
Fuel	37,377,222	37,609,670	14,321,523	27,678,390	38,682,360
Materials & Supplies	2,057,937	2,001,577	2,214,746	2,256,465	2,226,550
Stores Cleaning-Debit	0	0	(58)	3,145	0
Stores Clearing Db Bill Pool	35,636	310,774	534,473	210,049	657,915
Stores Clearing-Credit	(11,419)	(163,646)	(534,473)	(540,889)	(760,354)
Plant Materials & Supplies	2,082,154	2,148,705	2,214,746	1,925,567	2,127,255
Prepays	0	(8,910)	(8,910)	20,275	13,517
Prepaid Insurance	0	0	0	49,328	32,885
Prepaid Taxes-Other	3,648,576	0	0	0	2,129,766
Prepayments-Software Maint	396,640	211,027	211,027	35,516	0
Prepayments	4,045,215	202,117	202,117	105,119	2,176,168
Int & Div Rec-Assoc Companies	0	0	0	0	0
Interest & Dividends Rec	0	0	0	0	0
Rents Receivable	(216)	10,351	(84)	0	0
Rentals - NEG	1,675	1,366	1,467	1,679	1,610
Rents Receivable	1,459	11,717	1,383	1,679	1,610
Unbilled Revenue-Electric	4,544,134	25,550,055	30,521,974	4,647,255	5,631,338
Unbilled Revenue	4,544,134	25,550,055	30,521,974	4,647,255	5,631,338
Misc Curr and Accrued Assets	0	10,596	34,134	88,907	185,708
Misc. Curr and Accrued Assets	0	10,596	34,134	88,907	185,708
Deriv Instr Assets Hedges-Curr	0	0	0	0	1,582,720
Derivative Instrument Assets	0	0	0	0	1,582,720
Assets Held for Sale	0	0	0	0	0
TOTAL CURRENT ASSETS	126,560,687	208,395,389	147,240,907	198,721,332	239,387,932
REGULATORY ASSETS					
Hazardous Waste Sites Reserve	182327	21,134,493	24,347,087	23,111,613	21,938,194
Asset Ret Oblig Reg Asset	182343	2,079,000	2,130,000	2,036,620	2,108,620
Y2K Expense	182348	3,186,865	2,981,833	2,898,338	2,804,843
Reg Asset - Deferred Gas Costs	182349	1,103,206	827,405	709,204	591,003
Reg Asset - Vacation Accrual	182350	799,696	0	0	0
Pension/FAS106 Purch Acctg Adj	182550	64,778,891	61,477,502	60,013,739	58,549,976
Misc Regulatory Assets	95,338,133	91,398,668	91,773,827	88,769,514	85,992,636
Yankee Decomm Costs	0	0	0	0	0
Extraordinary Property Losses	0	0	0	0	0
FAS 109	0	0	0	0	0
Loss on Reacquired Debt	0	0	0	0	0
TOTAL REGULATORY ASSETS	95,338,133	91,398,668	91,773,827	88,769,514	85,992,636

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For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
OTHER DEFERRED DEBITS					
Unamortized Debt Expense	0	0	330,326	324,049	317,772
Unamortized Debt Expense	0	0	330,326	324,049	317,772
Prelim Survey & Investigation-Gas	0	0	0	2,711	24,093
Prelim Survey & Investigation	0	0	0	2,711	24,093
CLEARING ACCOUNTS					
COMMUNICATION EXPENSES					
Communication Expenses-Debit	0	855	1,946	2,489	4,479
Communication Exp-Debit	0	855	1,946	2,489	4,479
Communication Exp-Credit	0	0	(1,946)	(2,489)	(4,479)
Communication Expense-Credit	0	0	(1,946)	(2,489)	(4,479)
SUBTOTAL COMMUNICATION EXPENSES	0	855	0	0	0
Pymts TNW-Vacation	(89,633)	525,689	0	517,276	1,487,280
Pymts TNW-Holiday	142,547	486,996	0	137,653	497,827
Pymts TNW-Sickness	39,097	236,732	0	221,468	382,054
Pymts TNW-Personal	11,771	78,603	0	20,005	22,519
Pymts TNW-Jury Duty	1,319	3,086	0	3,291	12,073
Pymts TNW-Funeral	4,056	16,903	0	17,139	29,792
Pymts TNW-Employ Related Injur	10,685	38,509	0	35,503	51,969
Pymts TNW-Clearing Operating	(438,057)	(1,676,824)	0	(1,240,786)	(2,370,380)
Pay for Time Not Worked	(318,214)	(280,306)	0	(288,452)	113,124
TRANSPORTATION EXPENSES					
Transp Exp-DR-Clearing Only	63,231	926,588	1,911,515	728,908	1,701,632
Transportation Exp-Debit	(11,842)	50,789	135,236	43,880	77,678
Transportation Expenses-Debit	51,389	977,377	2,046,752	772,788	1,779,310
Transportation Exp-Credit	(271,888)	(1,131,161)	(2,046,752)	(871,982)	(1,714,777)
Transportation Expenses-Credit	(271,888)	(1,131,161)	(2,046,752)	(871,982)	(1,714,777)
SUBTOTAL TRANSPORTATION EXPENSES	(220,499)	(153,784)	(0)	(99,194)	64,533
SUBTOTAL CLEARING ACCOUNTS	(538,713)	(443,234)	(0)	(387,646)	177,657
Union Contract-Amrt thru 03/08	389,602	319,264	241,907	164,550	109,700
Networking Cost-Amrt thru 10/08	11,034	9,118	7,353	5,588	3,823
Def Dr-Payroll Suspense	170	170	0	0	0
Def Dr-Misc	29,661	29,661	0	0	0
Miscellaneous Deferred Debits	430,468	358,213	249,430	170,138	113,523
ACCUMULATED DEFERRED INCOME TAX					
ADFIT-FAS158-Pension	0	0	(163,145)	(163,145)	(297,874)
ADFIT-FAS158-OPEB	0	0	1,944,035	1,944,035	1,149,676
ADFIT-Uninsured Claims	0	(280,000)	0	0	14,000
ADFIT-Bad Debt Reserve	35,000	486,100	90,600	348,800	(5,000)
ADFIT-Pensions	(201,100)	(380,100)	(508,400)	(2,370,800)	196,000
ADFIT-Def Dir Comp	(3,100)	0	0	0	0
ADFIT-Def Exec Salary	0	1,800	2,100	3,200	7,100
ADFIT-Bonus Accruals	24,800	83,500	134,300	(9,700)	45,700

MDL-Workpaper
Regulatory Balance Sheet

National Grid - RI Gas
Regulatory Balance Sheet
For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
ADFIT-Rate Reserves					
ADFIT-ARO Accretion Income	(549,700)	(714,100)	(1,340,300)	(1,787,500)	(2,478,900)
Accum Deferred Fed Income Tax	0	0	32,700	46,800	60,900
Deferred Tax Rlflnwd-Contra	(694,100)	(802,800)	191,890	(1,988,310)	(1,308,398)
Deferred Tax Prov-Chrg to P&L	694,100	1,152,400	1,152,400	0	0
Accum Deferred State Income Tax	(694,100)	(1,152,400)	(1,152,400)	0	0
SUBTOTAL ACCUM DEF FIT & SIT	(694,100)	(802,800)	191,890	(1,988,310)	(1,308,398)
TOTAL DEFERRED DEBITS	(802,346)	(887,822)	771,646	(1,879,057)	(675,352)
TOTAL ASSETS	736,329,135	815,689,397	752,662,894	799,164,900	841,646,325

National Grid - RI Gas
Regulatory Balance Sheet
For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
CAPITALIZATION & LIABILITIES					
CAPITALIZATION					
COMMON EQUITY					
Common Stock	0	0	0	0	0
Premium on Capital Stock	0	0	0	0	0
Other Paid-in Capital	0	0	0	0	0
Appropriated Retained Earnings	0	0	0	0	0
Approp Ret Earn-Amort Res Fed	0	0	0	0	0
Unappropriated Retained Earn	(2,688,989)	(163,870)	15,092,171	10,582,557	(35,374)
Unapprop Retained Earnings	0	0	0	0	0
OCI Unrealizd Apprec/Depr Inv	0	0	0	0	0
OCI Hedging-Gain/Loss-Elim	0	0	0	0	(580,310)
OCI Hedging - Gain/Loss	0	0	0	0	(580,310)
OCI-Pensions/OPEBs	0	0	0	0	0
TOTAL COMMON EQUITY	(2,688,989)	(163,870)	15,092,171	10,582,557	(615,684)
Notes Payable to NGUSA	0	0	0	0	0
Minority Interests	0	0	0	0	0
Preferred Stock	0	0	0	0	0
LONG TERM DEBT					
LTD-Bonds	74,322,000	73,522,000	60,110,000	60,110,000	59,839,000
Long Term Debt	74,322,000	73,522,000	60,110,000	60,110,000	59,839,000
Unamort Prem&Disc on LTD	0	0	0	0	0
TOTAL LONG TERM DEBT	74,322,000	73,522,000	60,110,000	60,110,000	59,839,000
TOTAL CAPITALIZATION	71,633,001	73,358,130	75,202,171	70,692,557	59,223,316
CURRENT LIABILITIES					
LTD Due in One Yr	1,648,000	1,648,000	1,648,000	1,648,000	1,646,000
LTD Due in One Year	1,648,000	1,648,000	1,648,000	1,648,000	1,646,000
Commercial Paper	0	0	0	0	0
A/P-Customer Overpayments	2,657,079	3,963,930	2,738,633	3,141,566	2,877,703
A/P-Customer Refunds	4,339	15,718	112	51,054	4,829
A/P-Audited Vouchers	329,630	366,930	2,834,988	452,789	1,457,844
A/P-Bank Checks Outstanding	0	0	0	574,267	323,497
A/P-M & S Receipts	0	0	58	0	0
A/P-Audited Voucher-Payroll	0	300	1,200	0	0
A/P-Exceptional Payments	0	0	0	4,381	10,500
A/P Exceptional Payments-NGG	0	0	0	0	7,000
A/P-Gas Supply	13,036,270	32,737,680	36,174,249	14,480,784	12,867,898
A/P-Purchased Power	0	(2,336)	0	0	0
A/P-SS NSF Checks	43,944	92,912	13,573	20,418	0
A/P- Trans Cash Out	51,097	51,097	51,097	0	0

MDL-Workpaper
Regulatory Balance Sheet

National Grid - RI Gas
Regulatory Balance Sheet
For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
A/P-Empl Deduct-Union Dues	0	0	0	(40)	(40)
A/P-Empl Deduct-Savings Bonds	0	0	(5,914)	0	0
A/P-Empl Deduct-Cred Union	0	0	0	0	0
A/P-Empl Deduct-Charity Org	0	0	0	0	0
A/P-Empl Deduct-Uniform Serv	956	4,047	7,109	1,132	1,998
A/P-Empl Deduct-Thrift Plan	24,377	39,460	42,682	53,533	105,807
A/P-Empl Deduct-Empl Assoc	266	1,107	(1,731)	8,618	9,387
A/P-Empl Deduct-Auto Ins	0	0	0	0	0
A/P-Thrift Loan	18,754	18,522	18,558	8,649	(4,824)
A/P-Misc Employee Withholding	7,625	5,054	3,791	86	(202)
A/P-Group Insurance	33,228	46,200	49,629	33,000	39,600
A/P-Work Comp Claims	4,032	16,128	(1,357)	(53,593)	(159,766)
A/P-Employee Expense Liab	2,734	76	424	2,311	63
A/P-Unpaid Invoice Accrual	5,106,225	1,944,333	499,079	109,108	100,416
A/P-Unpaid Legal Invoice Acct	146,578	(30,838)	(40,274)	(28,149)	(54,331)
Accounts Payable	21,467,134	39,270,320	42,383,571	18,859,914	17,587,378
N/P Assoc Co-Narr Elec	493,138,390	493,138,390	493,138,390	493,138,390	493,138,390
N/P to Assoc Companies	493,138,390	493,138,390	493,138,390	493,138,390	493,138,390
A/P Assoc Co-MECCO	3,786,748	4,178,065	6,204,633	6,235,436	1,725,551
A/P Assoc Co-MA Hydro	95	27,677	172,940	232,635	25,003
A/P Assoc Co-NH Hydro	0	0	1	1	1
A/P Assoc Co-NEP	0	0	0	0	0
A/P Assoc Co-NEET	4,580,933	4,948,474	5,190,309	5,415,206	68,549
A/P Assoc Co-NMPC	7,946	22,032	193,674	250,314	15,787
A/P Assoc Co-Narr Elec	22,187,930	83,270,133	0	93,582,680	167,480,081
A/P Assoc Co-Wayfinder	0	0	0	0	0
A/P Assoc Co-Valley Appliance	224,774	837,234	666,473	756,819	185,915
A/P Assoc Co-Gridcom Cons	0	0	0	0	0
A/P Assoc Co-Prudence	4,500	18,000	31,500	45,000	58,500
A/P Assoc Co-NGUSA Service Co	1,801,648	233,215	1,307,513	174,440	(2,987,767)
AP to Associated Companies	32,594,574	93,534,849	13,767,045	106,692,532	166,571,621
Customer Deposits	3,330,941	3,604,660	3,705,519	3,707,823	3,735,753
Customer Deposits	3,330,941	3,604,660	3,705,519	3,707,823	3,735,753
TAXES ACCRUED-FIT & SIT					
Taxes Acct-Federal Inc-Curr Yr	0	1,881,400	7,116,000	356,500	(5,823,982)
Taxes Acct-Federal Inc-PriorYr	0	0	0	0	(7,100,000)
Taxes Accrued - Fed Inc	0	1,881,400	7,116,000	356,500	(12,923,982)
State Franchise Tax	0	0	0	0	0
SUBTOTAL TAXES ACCRUED-FIT & SIT	0	1,881,400	7,116,000	356,500	(12,923,982)
TAXES ACCRUED-OTHER					
Tx Acct-Municipal Property	2,571,553	0	1,775,968	3,125,472	2,099,475
Municipal Taxes	2,571,553	0	1,775,968	3,125,472	2,099,475

National Grid - RI Gas
Regulatory Balance Sheet
For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
Tx Accr-State Unemployment	17,706	19,170	144,070	31,869	18,382
State Unemployment Comp	17,706	19,170	144,070	31,869	18,382
Tx Accr-Fed Unempl Comp	77	368	29,447	582	89
Tx Accr-FICA Company Portion	0	35,361	0	0	0
Tx Accr-State Gross Earn Tax	0	2,438,346	791,054	(3,594,809)	(614,935)
Other Accr Taxes	77	2,474,075	820,500	(3,594,227)	(614,846)
SUBTOTAL TAXES ACCRUED-OTHER	2,589,336	2,493,245	2,740,538	(436,886)	1,503,010
Int Accr-LTD	212,469	1,088,319	1,135,234	861,251	2,063,821
Int Accr-Customer Deposits	353,355	379,200	403,200	430,414	455,706
Interest Accrued	565,823	1,467,518	1,538,435	1,291,664	2,519,527
Dividends Declared	0	0	0	0	0
NGUSA Dividends Declared	0	0	0	0	0
Tx Coll Pay FICA	0	35,361	0	0	0
Tx Coll Pay-MA Sls Tx-Abt C&I	0	238	251	0	0
Tx Coll Pay-RI Sales&Use Tax	256,246	734,112	900,335	252,083	260,191
Tx Coll Pay-NY Sales&Use Tax	3	234	6,838	0	0
Tx Coll Pay-RI Temp Dis Fund	28,903	46,340	111,951	105,038	74,570
Tx Coll Pay-Fed Inc Withholding	(0)	65,997	(0)	(0)	(0)
Tx Coll Pay-St Inc Withholding	0	19,209	0	0	0
Tax Collected Pay-Fed Excise	71	272	233	271	213
Tax Collections Payable	285,223	901,762	1,019,608	357,392	334,974
Curr&Accr Liab-Miscellaneous	8,679	(28,887)	0	0	0
Curr&Accr Liab-Regul Commn Exps	282,039	617,169	(1,538,381)	2,270	323,418
Misc Curr Liab-Adv Paymnt WHAs	88,923	69,767	49,697	27,613	82,715
Misc Cur Liab-Adv Pay Svc Contr	721,095	604,234	447,275	269,097	675,508
Misc Curr Liab-FT2 Storage Bal	242,120	515,945	243,957	652,258	1,414,810
Curr&Accr Liab-Payroll	120,226	103,763	204,547	171,990	117,376
Curr&Accr Liab-Healthcare Accr	398,113	200,000	350,000	350,000	350,000
Curr&Accr Liab-Vac Accrual	2,729,925	2,729,925	2,278,815	2,330,200	2,264,700
Curr&Accr Liab-NGUSA Goals	70,899	238,591	383,608	(28,039)	130,105
Curr&Accr Liab-Health Dental	31,079	26,002	73,430	40,877	36,954
Curr&Accr Liab-FAS106 Recovery	0	0	0	(1,527)	(1,527)
Curr&Accr Liab-Acct Pay Accr	390,680	366,861	384,590	451,549	320,794
Curr&Accr Liab-R Ref-C&M	0	0	882,702	1,429,571	1,194,831
Misc Curr Liab-Defd Rev-GCC	28,532,092	28,294,016	31,088,994	27,239,260	19,958,214
Misc Curr Liab-Df Rev-Weather	(718,543)	(2,597,261)	(2,239,108)	(1,122,773)	(1,032,668)
Olh Def Cr-Reconcile Factor	289,692	283,991	810,283	747,312	777,347
Misc Curr & Accr Liab	34,224,824	31,424,117	33,420,408	32,549,658	26,612,576
Explore & Dev Prop Cap Lease	0	0	0	0	0
Deriv Instr Liab Hedges-Curr	0	0	0	0	2,560,250
Derivative Instrument Liab	0	0	0	0	2,560,250
TOTAL CURRENT LIABILITIES	589,844,245	669,364,282	600,477,514	658,164,988	703,285,498

National Grid - RI Gas
Regulatory Balance Sheet
For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
DEFERRED CREDITS					
ACCUMULATED DEFERRED INCOME TAX					
OTHER PROPERTY					
ADFIT-Unfunded Tax Liab		(167,100)	(70,800)	(102,800)	3,500
Other Property FIT	(144,400)	(167,100)	(70,800)	(102,800)	3,500
Deferred Tax Rollforward-Contra	144,400	153,000	153,000	0	0
Deferred Tax Prov-Chrg to P&L	(144,400)	(153,000)	(153,000)	0	0
Other Property SIT	0	0	0	0	0
SUBTOTAL OTHER PROPERTY	(144,400)	(167,100)	(70,800)	(102,800)	3,500
OTHER ADIT					
ADFIT-Other	0	0	0	0	(312,000)
ADFIT-FAS 106 Contributions	(255,400)	(997,500)	(1,826,300)	(1,072,200)	(1,863,700)
ADFIT-Goodwill Tax Amort	482,800	1,931,200	3,183,500	4,631,900	6,080,300
Other FIT	227,400	933,700	1,357,200	3,559,700	3,904,600
Deferred Tax Rollforward-Contra	(227,400)	(456,900)	(456,900)	0	0
Deferred Tax Prov-Chrg to P&L	227,400	456,900	456,900	0	0
Other SIT	0	0	0	0	0
SUBTOTAL OTHER ADIT	227,400	933,700	1,357,200	3,559,700	3,904,600
Oil and Gas	0	0	0	0	0
SUBTOTAL ACCUM DEF INCOME TAX	83,000	766,600	1,286,400	3,456,900	3,908,100
Accum Def Inv Tax Credit	0	0	0	0	0
Prop Und Capital Leases	29,910	29,910	29,910	29,910	29,910
Injures & Damages Reserve	800,000	800,000	800,000	800,000	840,000
Asset Retirement Obligation	2,625,000	2,679,075	2,774,380	2,721,215	2,770,430
Other Non Current Liab	3,454,910	3,508,965	3,604,290	3,551,125	3,640,340
Construction Advances	1,570,618	950,237	428,480	107,034	99,473
Cust Adv for Construction	1,570,618	950,237	428,480	107,034	99,473
Def Cr-Miscellaneous	(276)	(2,967)	(2,894)	(2,873)	508
Def Cr-Highway Reloc Billed	0	0	242,362	1,401,507	1,185,239
Def Incentive Comp	0	5,212	5,967	9,016	20,039
Def Cr-Hazardous Waste	20,600,000	18,677,272	22,300,237	22,247,523	22,092,501
Pension Costs	11,727,369	11,215,833	10,383,012	5,061,618	12,010,161
Def Incentive Comp-Pensions	(8,735)	0	0	0	0
Oth Def Cr-Dism Rebate(Res&C/I)	275,062	273,232	279,916	386,973	422,150
FAS 106 Recovery	34,861,035	35,517,412	36,836,783	33,218,288	31,746,109
Hazardous Prov - Beg Bal	0	122,728	(1,500,237)	52,714	160,267
Hazardous Prov - Chrg to P&L	0	0	1,774,100	0	47,469
Hazardous Prov - Utilization	0	(122,728)	(273,863)	(52,714)	(207,736)
Other Deferred Credits	67,654,454	65,686,003	70,945,442	62,322,052	67,476,707
Def Cr-Environ Response Fund	531,106	531,106	531,106	0	0
Def Rev-Nonfirm Margin Sharing	1,553,963	1,525,877	1,419,046	276,646	3,449,328
Miscellaneous Liabilities	0	0	0	531,106	531,106
Excess Earnings	0	0	(331,555)	62,482	32,457

MDL-Workpaper
Regulatory Balance Sheet

National Grid - RI Gas
Regulatory Balance Sheet
For the Twelve Months Ending September 30, 2007

Reg Account	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007	SEPTEMBER 2007
254107	3,838	(1,824)	0	0	0
NEG Over (Under) Earn-Inactive	2,088,907	2,055,159	1,618,597	870,244	4,012,891
Other Regulatory Liab	0	0	0	0	0
FAS 109-CR	74,851,889	72,966,984	76,983,209	70,307,355	79,137,512
TOTAL DEFERRED CREDITS	738,329,135	815,689,397	752,662,894	799,164,900	841,646,325
TOTAL LIABILITIES					

MDL Worksheets
CTA Adjustment

National Grid - RI Gas

CTA Costs

Test Year Period

October 2006 - September 2007

Note: Includes January and March 2007 credit entries in the amount of \$2,569,938.56 and \$196,370.27, respectively which were made to reallocate incurred CTA among affiliates in conjunction with synergy savings percentages by company, includes adjustment to exclude executive severances.

Sorted by Project

Project	Project Description	Reg. Account	April 1, 2007 - September 30, 2007	October 1, 2006 - March 31, 2007	Total
			48 99 Total	48 99 Total	48 99 Total
X05683	New England Gas Integration	920000	50,000.00	-	50,000.00
		921000	156,024.42	59,101.14	217,125.56
		923000	-	-	-
		926000	-	-	-
		931000	-	-	-
X05683	Total		78,938.19	59,101.14	267,125.56
X05684	Keyspan Integration	426100	-	2.62	2.62
		920000	-	6,563.30	6,563.30
		921000	1,334.74	130,693.05	230,794.50
		923000	43,798.10	387,255.45	431,053.55
		926000	4,253,834.00	-	4,253,834.00
		931000	-	564.75	564.75
X05684	Total		4,255,168.74	525,079.17	668,918.72
Grand Total			4,334,106.93	584,180.31	936,044.28

MDL Workpapers
Salary and Wage Expense
Base Labor
Company Labor

National Grid - RI Gas
Test Year Salaries and Wages
Base Wages Analysis - Company Payroll

	Union P10	Non-Union P15	Total
Base Labor:			
Balance Sheet	4,406,302	1,637,168	6,043,470
O&M	14,454,205	6,009,525	20,463,730
Total Base Labor	18,860,507	7,646,693	26,507,200
<u>Adjust for Non-O&M Expense</u>			
Balance Sheet per Above	4,406,302	1,637,168	6,043,470
Plus Non-O&M Expense	104,732	11,321	116,053
Total non O&M Labor	4,511,034	1,648,489	6,159,523
O&M per Above	14,454,205	6,009,525	20,463,730
Less Non-O&M Expense	(104,732)	(11,321)	(116,053)
Total O&M Labor	14,349,472	5,998,204	20,347,677
Non-O&M Labor	4,511,034	1,648,489	6,159,523
O&M Labor	14,349,472	5,998,204	20,347,677
Total Base Labor	18,860,507	7,646,693	26,507,200
Balance Sheet plus non-O&M Percent	23.92%	21.56%	23.24%
O&M Percent	76.08%	78.44%	76.76%
Total	100.00%	100.00%	100.00%
<u>Plus Time Not Worked</u>			
Total TNW			
Balance Sheet plus non-O&M	(3,701,251)	2,604,643	(1,096,607)
O&M	3,653,473		3,653,473
Total TNW	(47,778)	2,604,643	2,556,866
TNW Year-End Clearing Adjustment			
Balance Sheet plus non-O&M			52,044
O&M			391,262
Total Adjustment			443,306
Total TNW			
Balance Sheet plus non-O&M	(3,701,251)	2,604,643	(1,044,563)
O&M	3,653,473	-	4,044,735
Total TNW	(47,778)	2,604,643	3,000,172
Total Base Labor			
Balance Sheet plus non-O&M	3,746,030	1,368,930	5,114,960
O&M	17,201,877	7,190,534	24,392,411
Total Base Labor	20,947,907	8,559,464	29,507,371
Balance Sheet plus non-O&M Percent	17.88%	15.99%	17.33%
O&M Percent	82.12%	84.01%	82.67%
Total	100.00%	100.00%	100.00%

1\ Components of Adjustment:

	Total	Capital	O&M
March 2007 Undercleared TNW Adjustment	(402,111)	(47,208)	(354,903)
March 2007 Vacation Pay Accrual Adjustment	451,110	52,960	398,150
September 2007 Vacation Pay Accrual Adjustment	394,330	46,294	348,036
November 2007 Transportation Journal	(24)	(3)	(21)
Total	443,306	52,044	391,262

National Grid - RI Gas
Test Year Overtime Payroll

Report Placement (All)
Expense Type De (All)

Sum of Actual \$			Expense Type				Grand Total	
Orig Business Uni	O&M / Non-O&M	Cost Type	P20	P21	P25	P26		
00048	Balance Sheet	Capital	811,077.12	407,757.03	26,959.59	13,479.68	1,259,273.42	
		Other Balance Sheet	108,048.29	53,541.72	129.51	84.75	161,784.27	
	Balance Sheet Total			919,125.41	461,298.75	27,089.10	13,544.43	1,421,057.89
	Expense	A&G Expenses		26,977.43	13,635.86			40,613.29
		Customer Service & Info Expenses		276,184.00	138,446.38			414,610.38
		Gas Expenses		2,200,929.31	1,118,608.32	59,826.93	29,837.79	3,409,202.35
		Other		28,282.74	13,999.98	163.68	81.83	42,528.23
	Expense Total			2,532,353.48	1,284,690.54	59,990.61	29,919.62	3,906,954.25
	Grand Total			3,451,478.89	1,745,989.29	87,079.71	43,464.05	5,328,011.94
	Balance Sheet Total			919,125.41	461,298.75	27,089.10	13,544.43	1,421,057.89
Plus Other Expense			28,282.74	13,999.98	163.68	81.83	42,528.23	
Total Balance Sheet			947,408.15	475,298.73	27,252.78	13,626.26	1,463,586.12	
Expense Total			2,532,353.48	1,284,690.54	59,990.61	29,919.62	3,906,954.25	
Less Other Expense			(28,282.74)	(13,999.98)	(163.68)	(81.83)	(42,528.23)	
Total O&M Expense			2,504,070.74	1,270,690.56	59,826.93	29,837.79	3,864,426.02	
Total			3,451,478.89	1,745,989.29	87,079.71	43,464.05	5,328,011.94	

Weekly / Union

Report Placement (All)
Expense Type De (All)

Sum of Actual \$			Expense Type		Grand Total	
Orig Business Uni	O&M / Non-O&M	Cost Type	P20	P21		
00048	Balance Sheet	Capital	811,077	407,757	1,218,834	
		Other Balance Sheet	108,048	53,542	161,590	
	Balance Sheet Total			919,125	461,299	1,380,424
	Expense	A&G Expenses		26,977	13,636	40,613
		Customer Service & Info Expenses		276,184	138,446	414,610
		Gas Expenses		2,200,929	1,118,608	3,319,538
		Other		28,283	14,000	42,283
	Expense Total			2,532,353	1,284,691	3,817,044
	Grand Total			3,451,479	1,745,989	5,197,468
	Balance Sheet Total			919,125	461,299	1,380,424
Plus Other Expense			28,283	14,000	42,283	
Total Balance Sheet			947,408	475,299	1,422,707	
Expense Total			2,532,353	1,284,691	3,817,044	
Less Other Expense			(28,283)	(14,000)	(42,283)	
Total O&M Expense			2,504,071	1,270,691	3,774,761	
Total			3,451,479	1,745,989	5,197,468	

Monthly (Non-Union)

Report Placement (All)
Expense Type De (All)

Sum of Actual \$			Expense Type		Grand Total	
Orig Business Uni	O&M / Non-O&M	Cost Type	P25	P26		
00048	Balance Sheet	Capital	26,960	13,480	40,439	
		Other Balance Sheet	130	65	194	
	Balance Sheet Total			27,089	13,544	40,634
	Expense	Gas Expenses		59,827	29,838	89,665
		Other		164	82	246
	Expense Total			59,991	29,920	89,910
	Grand Total			87,080	43,464	130,544
	Balance Sheet Total			27,089	13,544	40,634
	Plus Other Expense			164	82	246
	Total Balance Sheet			27,253	13,626	40,879
Expense Total			59,991	29,920	89,910	
Less Other Expense			(164)	(82)	(246)	
Total O&M Expense			59,827	29,838	89,665	
Total			87,080	43,464	130,544	

**MDL Workpapers
Salary and Wage Expense
Base Labor
Service Company Labor**

**National Grid - RI Gas
Test Year Salaries and Wages
Base Wages Analysis - Service Company Payroll**

Test Year		Union P10	Non-Union P15	Total
Base Labor:				
Balance Sheet		320,880	418,228	739,108
O&M		332,135	4,446,314	4,778,449
Total Base Labor		653,015	4,864,542	5,517,557
<u><i>Adjust for Non-O&M Expense</i></u>				
Balance Sheet per Above		320,880	418,228	739,108
Plus Non-O&M Expense		1,105	8,320	9,426
Total non O&M Labor		321,985	426,548	748,533
O&M per Above		332,135	4,446,314	4,778,449
Less Non-O&M Expense		(1,105)	(8,320)	(9,426)
Total O&M Labor		331,030	4,437,993	4,769,023
Non-O&M Labor		321,985	426,548	748,533
O&M Labor		331,030	4,437,993	4,769,023
Total Base Labor		653,015	4,864,542	5,517,557
<u><i>Plus Time Not Worked</i></u>				
Total TNW				
Balance Sheet plus non-O&M	76,824	33,046	43,778	76,824
O&M	370,999	25,752	345,247	370,999
Total TNW	447,823	58,798	389,025	447,823

Total Base Labor		355,031	470,326	825,357
Balance Sheet plus non-O&M		356,782	4,783,240	5,140,022
O&M		711,813	5,253,566	5,965,379
Total Base Labor		711,813	5,253,566	5,965,379
Balance Sheet plus non-O&M Percent		49.88%	8.95%	13.84%
O&M Percent		50.12%	91.05%	86.16%
Total		100.00%	100.00%	100.00%

**MDL Workpapers
Salary and Wage Expense
Overtime Labor
Service Company Labor**

**National Grid - RI Gas
Test Year Overtime Labor
Service Company**

All

Report Placement (All)
Expense Type De (All)

Sum of Actual \$			Expense Type				Grand Total
Orig Business Unit	O&M / Non-O&M	Cost Type	P20	P21	P25	P26	
00099	Balance Sheet	Capital	19	10			29
		Other Balance Sheet	28,795	14,553	271	136	43,754
	Balance Sheet Total		28,814	14,563	271	136	43,783
	Expense	A&G Expenses	10,118	5,244	4,020	1,265	20,646
		Gas Expenses			589	295	884
Expense Total		10,118	5,244	4,609	1,559	21,530	
Grand Total			38,932	19,806	4,880	1,695	65,313
	Balance Sheet Total		28,814	14,563	271	136	43,783
	Plus Other Expense						-
	Total Balance Sheet		28,814	14,563	271	136	43,783
	Expense Total		10,118	5,244	4,609	1,559	21,530
	Less Other Expense						-
	Total O&M Expense		10,118	5,244	4,609	1,559	21,530
	Total		38,932	19,806	4,880	1,695	65,313

Weekly

Report Placement (All)
Expense Type De (All)

Sum of Actual \$			Expense Type		Grand Total
Orig Business Unit	O&M / Non-O&M	Cost Type	P20	P21	
00099	Balance Sheet	Capital	19	10	29
		Other Balance Sheet	28,795	14,553	43,348
	Balance Sheet Total		28,814	14,563	43,376
	Expense	A&G Expenses	10,118	5,244	15,362
	Expense Total		10,118	5,244	15,362
Grand Total			38,932	19,806	58,738
	Balance Sheet Total		28,814	14,563	43,376
	Plus Other Expense				-
	Total Balance Sheet		28,814	14,563	43,376
	Expense Total		10,118	5,244	15,362
	Less Other Expense				-
	Total O&M Expense		10,118	5,244	15,362
	Total		38,932	19,806	58,738

Monthly

Report Placement (All)
Expense Type De (All)

Sum of Actual \$			Expense Type		Grand Total
Orig Business Unit	O&M / Non-O&M	Cost Type	P25	P26	
00099	Balance Sheet	Other Balance Sheet	271	136	407
	Balance Sheet Total		271	136	407
	Expense	A&G Expenses	4,020	1,265	5,285
		Gas Expenses	589	295	884
	Expense Total		4,609	1,559	6,168
Grand Total			4,880	1,695	6,575
	Balance Sheet Total		271	136	407
	Plus Other Expense				-
	Total Balance Sheet		271	136	407
	Expense Total		4,609	1,559	6,168
	Less Other Expense				-
	Total O&M Expense		4,609	1,559	6,168
	Total		4,880	1,695	6,575

MDL Workpapers
Salary and Wage Expense
Steady State Employees

National Grid - RI Gas
Employee Complement as of September 30, 2007

Employee Salaries (for Salary and Wage Attachment)

Sum of Annual Rt			Exempt/Non-Exempt		Grand Total	
Co	Group	Union Code	Exempt	Non Exempt		
048	MTH	000	7,770,101		7,770,101	
		EXE	345,570		345,570	
	MTH Total			8,115,671	8,115,671	
	WNU	000		2,299,805	2,299,805	
	WNU Total				2,299,805	
	WUN	BUW			2,898,730	2,898,730
		USW			13,998,504	13,998,504
WUN Total				16,897,234	16,897,234	
048 Total			8,115,671	19,197,039	27,312,710	
Grand Total			8,115,671	19,197,039	27,312,710	

Plus additional employee per HR		47,549	47,549
Less Employee who retired 12/07	(162,380)		(162,380)
Total 9/30/07 Steady State Wages	7,953,291	19,244,588	27,197,879

Employee Counts (for Medical and Dental Attachment)

Count of Annual Rt			Exempt/Non-Exempt		Grand Total	
Co	Group	Union Code	Exempt	Non Exempt		
048	MTH	000	99		99	
		EXE	2		2	
	MTH Total			101	101	
	WNU	000		48	48	
	WNU Total				48	
	WUN	BUW			52	52
		USW			238	238
WUN Total				290	290	
048 Total			101	338	439	
Grand Total			101	338	439	

Plus additional employee per HR		1	1
Less Sullivan (retired 12/07)	(1)		(1)
Total 9/30/07 Steady State Employees	100	339	439

MDL Workpapers
Call Center Voluntary Severances

National Grid - RI Gas
Employee Complement as of September 30, 2007
Call Center Voluntary Severances

Employee Salaries (for Salary and Wage Attachment)

Sum of Annual Rt			Exempt/Non-Exempt		Grand Total	
Co	Group	Union Code	Exempt	Non Exempt		
048	MTH	000	55,000		55,000	
		000 Total	55,000		55,000	
	MTH Total		55,000		55,000	
	WNU	000		35,050	35,050	
				37,357	37,357	
				41,692	41,692	
				40,525	40,525	
				35,757	35,757	
				40,213	40,213	
				43,888	43,888	
				51,667	51,667	
				000 Total	326,148	326,148
				WNU Total		326,148
	WUN	USW		47,549	47,549	
				16,630	16,630	
				47,549	47,549	
				47,549	47,549	
				35,662	35,662	
				42,682	42,682	
				47,549	47,549	
				44,346	44,346	
				47,549	47,549	
				35,984	35,984	
	44,346	44,346				
	50,773	50,773				
	USW Total	508,165	508,165			
	WUN Total		508,165	508,165		
048 Total			55,000	834,313	889,313	
Grand Total			55,000	834,313	889,313	
Plus one additional voluntary severance				47,549	47,549	
Total Call Center Voluntary Severances				55,000	881,862	936,862

Employee Counts (for Medical and Dental Attachment)

Count of Annual Rt			Exempt/Non-Exempt		Grand Total	
Co	Group	Union Code	Exempt	Non Exempt		
048	MTH	000	1		1	
		000 Total	1		1	
	MTH Total		1		1	
	WNU	000		1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
	000 Total		8	8		
	WNU Total		8	8		
	WUN	USW		1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
				1	1	
	USW Total		12	12		
	WUN Total		12	12		
048 Total			1	20	21	
Grand Total			1	20	21	
Plus one additional				1	1	
Total Call Center Voluntary Severances				1	21	22
Plus Call Center VERCs (from separate Workpaper)				15	15	
Total Voluntary Employee Separations				1	36	37

National Grid - RI Gas
Employee Complement as of September 30, 2007
Call Center VEROs

Employee Salaries (for Salary and Wage Attachment)

Sum of Annual Rt			Exempt/Non-Exempt	
Co	Group	Union Code	Non Exempt	Grand Total
048	WUN	USW	46,925	46,925
			52,062	52,062
			44,346	44,346
			44,346	44,346
			53,976	53,976
			44,346	44,346
			53,976	53,976
			44,346	44,346
			47,549	47,549
			50,149	50,149
			47,549	47,549
			53,976	53,976
			44,346	44,346
			44,346	44,346
		47,549	47,549	
	USW Total	719,784	719,784	
	WUN Total	719,784	719,784	
048 Total			719,784	719,784
Grand Total			719,784	719,784

Employee Counts (for Medical and Dental Attachment)

Count of Annual Rt			Exempt/Non-Exempt	
Co	Group	Union Code	Non Exempt	Grand Total
048	WUN	USW	1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			1	1
			USW Total	15
	WUN Total	15	15	
048 Total			15	15
Grand Total			15	15

MDL Workpapers
Medical and Dental Costs

National Grid - RI Gas
Summary of Healthcare Costs-2008 plans
Based on Open Enrollment Data for Calendar Year 2008

	Union			Non-Union			Total		
	Total ER Cost	# Emp	Per Emp Cost	Total ER Cost	# Emp	Per Emp Cost	Total ER Cost	# Emp	Per Emp Cost
Medical-Steelworkers	\$3,239,758.24	246	\$13,169.75	\$1,044,442.68	136	\$7,679.73	\$4,860,688.36	432	\$11,251.59
Medical-BUW	\$576,487.44	50	\$11,529.75						
Total Medical	\$3,816,245.68	296	\$12,892.72						
Dental-Steelworkers	\$348,815.52	246	\$1,417.95	\$105,681.84	127	\$832.14	\$531,269.28	422	\$1,258.93
Dental-BUW	\$76,771.92	49	\$1,566.77						
Total Dental	\$425,587.44	295	\$1,442.67						
Total	\$4,241,833.12		\$14,335.39	\$1,150,124.52		\$8,511.87	\$5,391,957.64		\$12,510.53

	Union			Non-Union			Total		
	Total EE Cost	# Emp	Per Emp Cost	Total EE Cost	# Emp	Per Emp Cost	Total ER Cost	# Emp	Per Emp Cost
Medical-Steelworkers	\$0.00	246	\$0.00	\$19,080.84	136	\$140.30	\$19,080.84	432	\$44.17
Medical-BUW	\$0.00	50	\$0.00						
Total Medical	\$0.00	296	\$0.00						
Dental-Steelworkers	\$0.00	246	\$0.00	\$0.00	127	\$0.00	\$0.00	422	\$0.00
Dental-BUW	\$0.00	49	\$0.00						
Total Dental	\$0.00	295	\$0.00						
Total	\$0.00		\$0.00	\$19,080.84		\$140.30	\$19,080.84		\$44.17

	Union			Non-Union			Total		
	Total EE Cost	# Emp	Per Emp Cost	Total EE Cost	# Emp	Per Emp Cost	Total ER Cost	# Emp	Per Emp Cost
Medical-Steelworkers	\$3,239,758.24	246	\$13,169.75	\$1,025,361.84	136	\$7,539.43	\$4,841,607.52	432	\$11,207.42
Medical-BUW	\$576,487.44	50	\$11,529.75						
Total Medical	\$3,816,245.68	296	\$12,892.72						
Dental-Steelworkers	\$348,815.52	246	\$1,417.95	\$105,681.84	127	\$832.14	\$531,269.28	422	\$1,258.93
Dental-BUW	\$76,771.92	49	\$1,566.77						
Total Dental	\$425,587.44	295	\$1,442.67						
Total	\$4,241,833.12		\$14,335.39	\$1,131,043.68		\$8,371.57	\$5,372,876.80		\$12,466.36

Total Employees with Medical, including opt-out, per above	432
Total Employees with Dental per above	422
% of Employees Electing Dental Coverage	97.69%

MDL Workpapers
Medical and Dental Expense
Company Amounts

National Grid - RI Gas
Medical and Dental Expense
Test Year - 10/1/06 - 9/30/07

Business Unit	(All)
Bus Unit Descr	(All)

Sum of Actual \$ Expense Type	Expense Type Descr	O&M / Non-O&M Balance Sheet	Cost Type	Regulatory Acct	Regulatory Acct Descr	Orig Business Unit	Grand Total
B03	Health Care		Capital	107000	Construction in Progress	00001	427,241
				108001	RWIP Reclass		92,833
			Capital Total	174000	Misc Curr and Accrued Assets		520,075
			Other Balance Sheet	183100	PreinSurvey&Investigation-Gas		9,181
			Other Balance Sheet Total				1,620
			Balance Sheet Total				10,801
			A&G Expenses	926000	Employee Pensions & Benefits		530,876
			A&G Expenses Total				3,675,264
			Gas Expenses	887000	Gas Maint-Mains		1,323
				892000	Gas Maint-Services		629
			Gas Expenses Total				1,952
			Expense Total				3,677,216
B03 Total				4,513,105	(835,889)		4,208,092
Grand Total				4,513,105	(305,013)		4,208,092

Balance Sheet	530,876	12.62%
Income Statement	3,677,216	87.38%
Total	4,208,092	100.00%

Note: Credit amount originating from company 48 reflects employee contributions and reclass of capitalized healthcare costs.

**MDL Workpapers
Medical and Dental Expense
Service Company Amounts**

**National Grid - RI Gas
Medical and Dental Expense
Test Year - 10/1/06 - 9/30/07**

Business U (All)
Bus Unit D (All)

Sum of Actual \$		Regulatory Acct Descr		Orig Business Unit	
Expense T	Expense Type Descr	Regulatory A	Regulatory Acct Descr	00099	Grand Total
B03	Health Care	107000	Construction in Progress	17,530	17,530
				17,530	17,530
		184030	Communication Expenses-Debit	172	172
				172	172
	Balance Sheet Total			17,702	17,702
	Expense	926000	Employee Pensions & Benefits	607,155	607,155
				607,155	607,155
		880000	Gas Oper-Misc Expenses	-	-
				-	-
	Expense Total			607,155	607,155
				624,857	624,857
B03 Total				624,857	624,857
Grand Total				624,857	624,857

Balance Sheet	17,702	2.83%
Income Statement	607,155	97.17%
Total	624,857	100.00%

Allocation of Expense between Medical and Dental:	
Healthcare	91% 550,619
Dental	9% 56,536
Total	607,155



TOWERS
PERRIN

2008 Health Care Cost Survey

WHAT'S INSIDE

SURVEY HIGHLIGHTS	1
A CLOSER LOOK AT THE NUMBERS	2
Exhibit 1: Average growth in health care costs	2
Exhibit 2: Total employee/employer health care costs — 2003 vs. 2008	2
Exhibit 3: Average cost increases — 1998-2008	3
Exhibit 4: Average cost increases — 1998-2008	3
Exhibit 5: Average monthly employee/retiree share of 2008 medical coverage costs	4
Exhibit 6: Average employee/retiree share of monthly medical costs and cost increases — by covered group	4
PRACTICES VARY WIDELY AMONG HIGH- AND LOW-PERFORMING COMPANIES	5
Exhibit 7: Cost variation across companies	5
Exhibit 8: Health care reform — employers' point of view	6
WHAT SUCCESSFUL COMPANIES DO DIFFERENTLY	7
Exhibit 9: Employer commitment: How do you describe your company's role today?	7
Exhibit 10: Factors shaping health care strategy	8
Exhibit 11: Strategies and metrics	8
Exhibit 12: Critical performance factors: Are they in place?	9
Exhibit 13: Performance measures capturing employee attitudes and behaviors	11
Exhibit 14: Targeted employee health management programs	12
Exhibit 15: Consumer engagement	12
Exhibit 16: Benefits or programs offered to employees outside the U.S.	13
Exhibit 17: Building a culture of health	14
Exhibit 18: Achieving desired outcomes	15
COST VARIATION BY PLAN TYPE AND COVERED GROUP	17
Exhibit 19: 2008 range of increases in medical costs — by plan type	17
Exhibit 20: 2008 average medical cost increases — by plan type	17
Exhibit 21: 2008 average monthly medical costs — by plan type	18
Exhibit 22: Average monthly medical costs and cost increases — by covered group	18
Exhibit 23: Range of 2008 employer medical plan costs	19
Exhibit 24: Range of 2008 employer dental plan costs	19
FAS 106 EXPENSES — POSTRETIREMENT OBLIGATIONS	21
Exhibit 25: Annual retiree medical costs and accumulated liability — average and industry	21
THE ART OF THE POSSIBLE: AN EMERGING PICTURE OF SUCCESS	22
Exhibit 26: Expected health benefit subsidy: 2012 vs. 2008	22
Exhibit 27: The evolving role of the employer	23
ABOUT THE SURVEY	24
PARTICIPANT LIST	25

SURVEY HIGHLIGHTS

Health care costs for U.S. employers will increase by 6% in 2008, according to the Towers Perrin 2008 Health Care Cost Survey. Although this increase is lower than rates we've seen in recent years, it's still greater than overall CPI or wage increases. In dollar terms, gross health care expenditure will rise by an average of \$526 per employee, to an average total cost of \$9,144. Notably, the survey results suggest that the average cost increase would have been closer to 8%, or about \$200 per employee more, if not for employer efforts to aggressively manage benefit program performance.

The most significant findings in the 2008 survey highlight the contrasts between high-performing and low-performing companies.* On average, high-performing companies will see a total cost of \$8,532 per active employee — 16% (or \$1,668) lower than the \$10,200 total cost per active employee reported by low-performing companies.

Overall, high-performing companies are more aggressive in managing their health plans and delivery processes. Broadly speaking, these companies focus on the underlying causes of health care cost increases, have strategies in place to drive improvements in employees' overall health and wellness, and consistently support engagement in

health care decisions and health-related behaviors. In addition, high-performing companies identify problems early on and take advantage of opportunities for improvement by keeping close tabs on the current state of their benefit programs and the health care system overall.

CUMULATIVE COST INCREASES MEAN HEAVIER BURDENS

Although this year's actual percentage increase is slightly lower than last year's 7% increase, the cumulative effect of ongoing inflation continues to produce record-high cost numbers for both employers and employees. In fact, employers are paying 39% more than they spent five years ago (\$5,100 in 2003 versus \$7,080 in 2008), and employees are paying 61% more (\$1,284 in 2003 versus \$2,064 in 2008). Clearly, high dollar levels can be especially problematic for low-wage workers and individuals who retire before reaching Medicare eligibility.

Annual costs per employee for retirees under age 65, up 6% over 2007, will rise by an average of \$719, to an average total cost of \$12,696 in 2008. It may therefore be no surprise that, according to our data, organizations are taking a different view of — and exhibiting different commitment levels

to — programs for retirees, a trend that will have significant long-term workforce and social implications.

Only 29% of the survey respondents say their organization plays a large/primary role in meeting postretirement health care needs for current retirees. Less than half of the companies surveyed (47%) currently subsidize retiree medical coverage for current and future retirees. Moreover, among those that are continuing a subsidy, the share they ask retirees to provide is rapidly increasing, particularly for retirees under age 65.

INTEREST IN ACCOUNT-BASED HEALTH PLANS CONTINUES

Seeking new ways to approach cost issues and help active employees understand and prepare for future health care expenses (during both active years and retirement), employers continue to explore account-based health plans (ABHPs) as an attractive solution. Our survey results show that approximately half (46%) of survey respondents had ABHPs in place in 2007. A further 7% plan to implement an ABHP in 2008. This rate of new implementations is a bit slower than in prior years, which may be due to the maturing of the approach** (see page 10 for details).

* Towers Perrin divided respondents in its annual health care cost database into three categories — low-performing, average-performing and high-performing companies. Performance designations are based on relative costs and cost increases, as well as whether an organization is meeting its health benefit objectives in certain key areas. See page 5 for details.

** *Account-Based Health Plans: What Works and Why*, Towers Perrin, 2007

A CLOSER LOOK AT THE NUMBERS

Employers face, on average, a 6% increase in health care costs in 2008, according to the Towers Perrin 2008 Health Care Cost Survey. Corresponding employer-sponsored dental plan costs will increase 3% in 2008, a rate similar to those seen in prior years (*Exhibit 1*).

The survey findings are based on projected increases in premium rates or, in the case of self-insured plans, premium equivalents for plans offered by 500 of the nation's largest employers, covering approximately 10 million U.S. employees, retirees and dependents. Health benefits for survey participants cost more than \$46 billion annually.

Although 2008 marks the fourth year the growth rate has been under 10% after a double-digit peak in 2003 (*Exhibit 2*), the cumulative effect of rising costs has produced cost levels at record highs for employer-sponsored health plans and, consequently, employee contributions. Compared with costs just five years ago, employers are paying 39% more today while employees are paying 61% more.

EXHIBIT 1
Average growth in health care costs
All plan types and participant groups combined

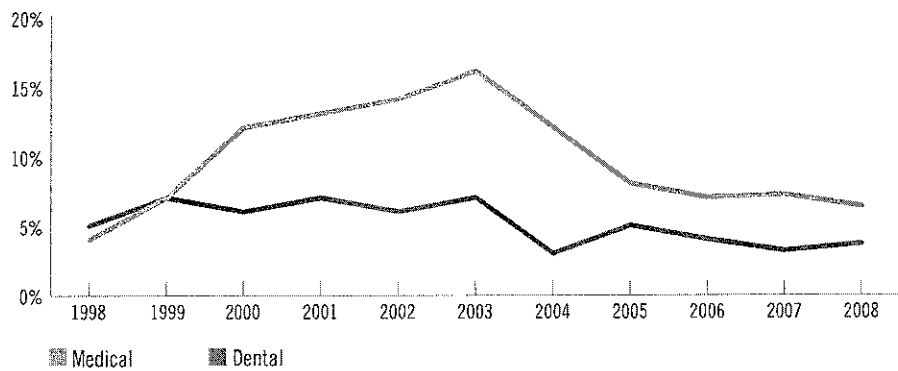


EXHIBIT 2
Total employee/employer health care costs
2003 vs. 2008

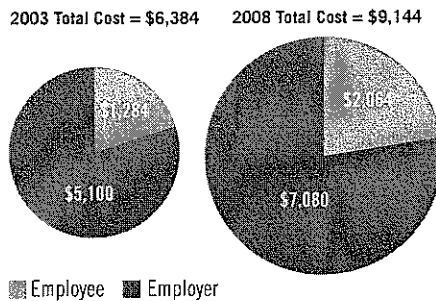
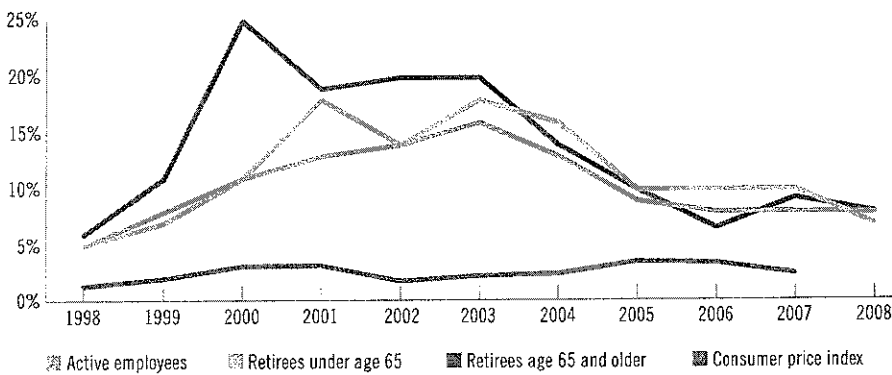




EXHIBIT 3
Average cost increases
1998-2008



Increasing at 6%, per-employee costs for active employees will rise by an average of \$44 per month, to an average total cost of \$762. Also rising at 6%, per-employee costs for retirees under age 65 will increase by an average of \$60, to an average total monthly cost of \$1,058 (Exhibit 3).

For the past five-year period, health care costs overall rose by 43%, while the compounded increase in the consumer price index (CPI) was only 17%. If this trend continues as expected (Exhibit 4), the issue of affordability — for businesses, employees and retirees — will become considerably more challenging in the years ahead.

EXHIBIT 4
Average cost increases
1998-2008

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Actual Plans											
Active employees	4%	7%	10%	12%	13%	15%	12%	8%	7%	7%	6%
Retirees under age 65	4	6	10	17	13	17	15	9	9	9	6
Retirees age 65 and older	5	10	24	18	19	19	13	9	6	8	7
Combined	4	7	12	13	14	16	12	8	7	7	6
Demographic											
Active employees	5%	7%	6%	7%	6%	7%	5%	5%	4%	3%	3%
Retirees under age 65	4	4	6	6	5	6	5	7*	7*	2*	5*
Retirees age 65 and over	3	3	6	4	4	5	6				
Inflation Measures											
Consumer price index (CPI)	2%	2.7%	3.4%	1.6%	2.0%	2.3%	3.2%	4.3%	2.5%	3.5%**	
Medical care component of CPI	3	3.7	4.2	4.7	4.8	4.0	4.5	4.1	3.6	4.2**	

*Average cost increase for retirees under and over age 65

**Unadjusted 12 months as of October 2007

The employer share of the average total health care premium is likely to affect company profit margins, employee wage increases, resources available for other rewards and the ability to continue to offer employer-provided health care coverage. These pressures, in turn, have an impact on effective workforce management — the company's ability to attract, retain and engage high-performing employees.

From the individual's perspective, low-wage workers and retirees not yet eligible for Medicare are hardest hit by the ongoing cost increases. Even so, affordability for all employees and retirees is quickly becoming a national agenda item in the presidential election season.

In 2008, employees will contribute 20% of the cost for employee-only coverage, and 24% for family coverage (*Exhibit 5*). Those percentages haven't changed much in the past several years, and employers clearly continue to shoulder most of the burden. In flat dollar terms, however, the employee share in 2008 — an average of \$78 per month (\$936 annually) for employee-only coverage and \$262 per month (\$3,144 annually) for family coverage — represents a significant cost for many employees and a potentially prohibitive cost for some workers.

The average employee share of 2008 premium costs will increase 8%, while the average employer share will increase 6%. In flat dollar terms, of the total premium increase of \$526, employers pay \$370, and employees, on average, will pick up the remaining \$156.

Meanwhile, retirees are among the most exposed to health care cost increases. For this group, there are very practical issues around access to affordable

EXHIBIT 5

Average monthly employee/retiree share of 2008 medical coverage costs

	Employee/ Retiree Only (% of total cost)	Employee/Retiree Plus Dependent (% of total cost)	Family (% of total cost)
Employees	20%	23%	24%
Retirees under age 65	50	51	52
Retirees age 65 and older	45	45	NA

EXHIBIT 6

Average employee/retiree share of monthly medical costs and cost increases — by covered group

	Employee/ Retiree Only	Employee/Retiree Plus Spouse*	Family	Average Increase Composite	From 2007
Active employees	\$78	\$180	\$262	\$172	8%
Retirees under age 65	283	585	782	544	7
Retirees age 65 and older	136	276	N/A	218	6

*Composite (i.e., employee/retiree only, employee/retiree plus spouse and family combined)

health care — even if some form of employer-sponsored medical coverage is still available. For example, as a result of a much larger cost base and employers' efforts to restructure their retiree financial obligations, retirees are being asked to pick up a much greater proportion of their average monthly health care costs than their active employee counterparts. Retirees under age 65 will contribute approximately 50% of the premium for retiree-only coverage and 52% for family coverage.

In flat dollar terms, retirees under age 65 will pay an average of \$283 per month (\$3,396 annually) for retiree-only coverage and \$585 per month (\$7,020 annually) for retiree plus dependent coverage. Retirees age 65 and older will pay an average of \$136 per month (\$1,632 annually) for retiree-only coverage and \$276 per month (\$3,312 annually) for retiree plus one dependent coverage (*Exhibit 6*).

PRACTICES VARY WIDELY AMONG HIGH- AND LOW-PERFORMING COMPANIES

Similar to findings in previous years, a number of companies have succeeded in keeping a tight rein on program costs for 2008, achieving dramatically lower overall rates of cost increase than the double-digit jumps experienced just four years ago. But some companies are still struggling to strike a balance between health care cost pressures and workforce goals and continue to experience increases more characteristic of the late 1990s.

To better understand the factors that contribute to the wide variation in costs, for the third consecutive year our survey analysis divides respondents into three categories — low-performing, average-performing and high-performing companies. Performance designations are based on relative costs and cost increases, as well as whether an organization is meeting its health benefit objectives in the following areas:

- managing employer costs
- managing employee costs
- enhancing efficient purchasing of health care service
- enhancing employee understanding and engagement
- enhancing employee satisfaction, attraction and retention.

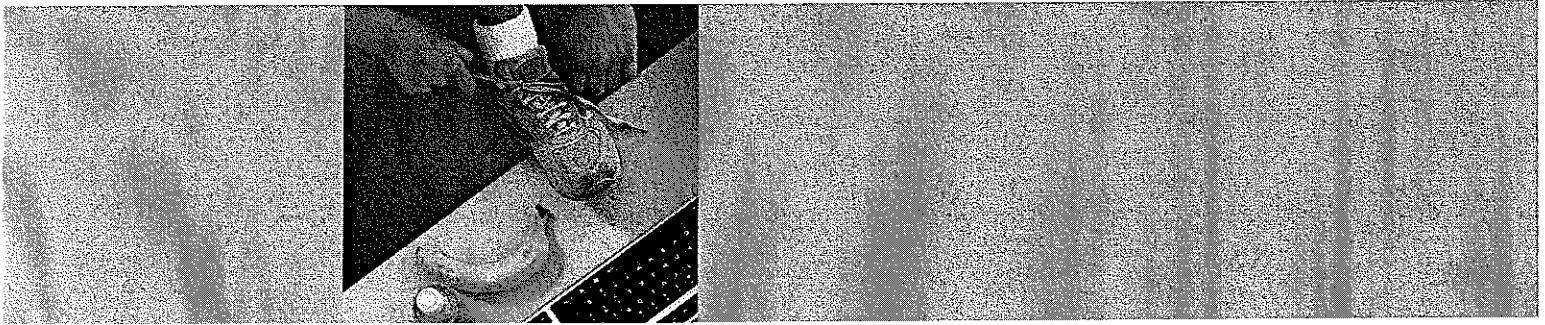
EXHIBIT 7
Cost variation across companies

	High-Performing Companies	Low-Performing Companies
Cost per employee per year	\$8,532	\$10,200
Increase in employer cost	5%	7%
Increase in employee cost	8	9

Similar to last year's findings, the survey results show wide variation across these groups — and among companies of similar size. While 20% of the survey respondents continue to grapple with double-digit cost increases, high-performing companies are managing to get their increases much closer to the medical CPI (roughly 4%). In fact, among high performers, 46% have cost increases of 5% or less. In dollar terms, companies in the low-performing group face a total cost of \$10,200 per employee in 2008, while high-performing companies will pay \$8,532 per employee (*Exhibit 7*).

Some of this variation is attributable to differences in geography or employee demographics. Nonetheless, the average cost per employee is based on a uniform distribution of dependent enrollment.

Notably, high-performing companies aren't achieving low costs through cost shifting. Instead, they're employing a broad range of tactics and strategies to actively and consistently manage their programs for maximum efficiency and value. As a result, employees at high-performing companies will pay significantly less on average in 2008 than employees at low-performing companies — approximately \$1,980 per year versus \$2,256. In addition, employees at high-performing companies typically get more for their money — such as health care information, decision support tools and other valuable resources — than their counterparts at low-performing companies.



IS HEALTH CARE REFORM ON THE HORIZON? WHAT EMPLOYERS HAVE TO SAY...

With the coming election year, the public debate on health care reform is well under way. But what do employers think? To find out, we asked our survey respondents for their views.

Over 60% anticipate major federal health care reforms will become law during the next two Presidential terms, while more than one-third (39%) think federal health care reform is still at least 10 years away — if in fact it ever materializes. Roughly three-quarters of respondents view the states as drivers of change and expect that over half of the state legislatures will enact significant reforms within the next decade.

Most respondents favor an employment-based system over an exclusively government-run system (*Exhibit 8*). In fact:

- 84% of employers disagreed that the U.S. should have an exclusively government-based health care system.
- 71% agreed that the U.S. should retain a primarily employment-based system for pre-Medicare individuals.

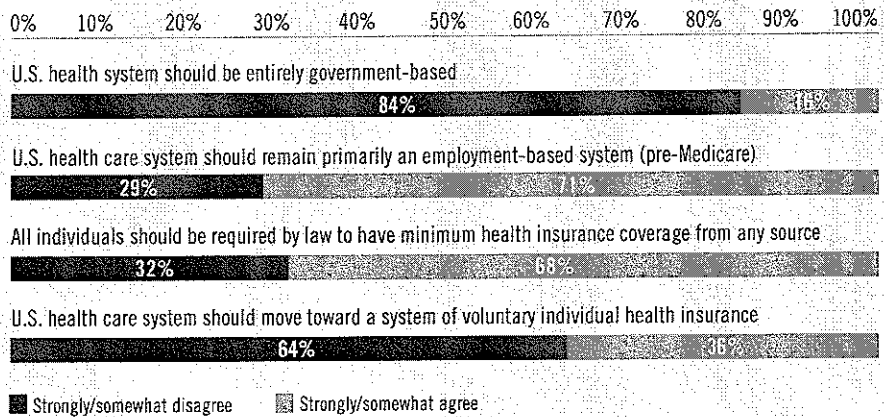
What's also noteworthy in the survey responses is the lack of consensus around the impact of the current health system on the competitiveness of U.S. businesses. While 44% of respondents believe the current system has a favorable impact on their organization's competitive position, roughly one-third (32%) believe the current health system has no impact on their competitiveness, and almost one-quarter (24%) feel the current system hurts their competitiveness.

Overall, many respondents see value in the current system of voluntary employment-based health coverage. Over 80% say they would continue offering health

benefits even if viable alternatives for employees were available. Notably, the high-performing companies in our survey believe they gain competitive advantage from their health plans.

Our quick snapshot of employer views on health care reform offers an interesting preview of the debate to come. It's important to keep in mind, however, that any number of impending issues — such as ERISA's pre-emption of state health reform laws, the creation of a viable market for individual health coverage or future tax policy — could impact employers and further influence their opinions.

EXHIBIT 8
Health care reform — employers' point of view
 Percent disagree/agree



WHAT SUCCESSFUL COMPANIES DO DIFFERENTLY

So, what do high-performing companies do differently? In a nutshell, high performers are significantly more aggressive and systematic in managing their health programs and delivery processes. Broadly speaking, these companies have strategies in place to drive improvements in employees' overall health and wellness, and encourage engagement in health care decisions and healthy behaviors. They also strive to identify problems early and take advantage of opportunities for improvement by keeping close tabs on the current state of their benefit programs and the health care system overall.

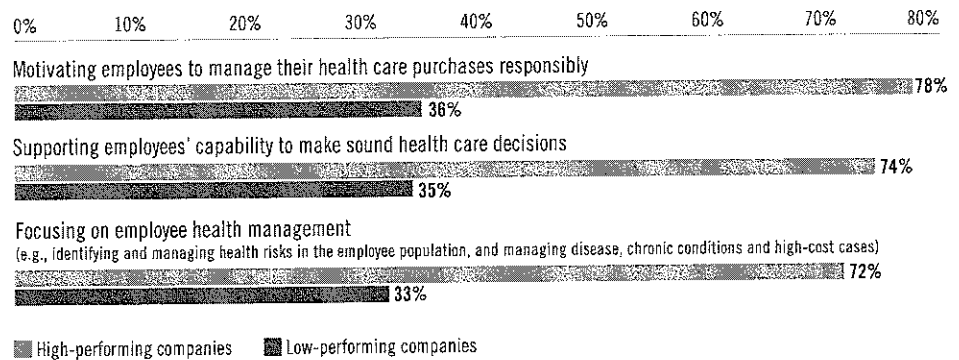
More specifically, high performers are deeply committed to managing their programs in ways that benefit both the company and employees, and have:

- a commitment to supporting employees' health and health care decisions
- a broad view of program goals that goes well beyond costs
- well-articulated strategies, coupled with metrics and processes for evaluating overall program effectiveness and taking appropriate action
- critical program performance factors in place
- performance measures that capture employee attitudes and behaviors

EXHIBIT 9

Employer commitment: How do you describe your company's role today?

Percent responding large/primary role



- targeted employee health management programs
- rigorous — and effective — communication and decision support programs that successfully engage employees and help build a culture of health.

Here's a closer look at what high-performing companies are doing in these areas to achieve desired outcomes.

COMMITMENT TO EMPLOYEES

High-performing companies are committed to their employees — supporting their ability to make sound health care decisions, taking steps to motivate employees to manage their health care purchases responsibly, and working to manage health risks and conditions in the employee population overall (Exhibit 9).

For example:

- The majority of high-performing companies (78%) say they play a significant role in motivating employees to manage their health and health care purchases responsibly, versus just 36% of low-performing companies.
- Nearly three-quarters (72%) of high-performing companies say they play a significant role in employee health management (e.g., by identifying and managing health risks, and helping employees manage chronic conditions), compared to about one-third (33%) of low-performing companies.

A BROAD VIEW OF PROGRAM GOALS

The high performers in our survey have broad goals and take a wide variety of factors into account when developing their health care strategies (*Exhibit 10*). So while company costs are clearly an important part of the picture for everyone, leading employers also put priority on other program components.

For example:

- Most high performers (77%) view employee affordability as a very or extremely important factor in shaping their overall strategy, while over half (57%) of low performers cite affordability as important.
- A significant number of high performers (60%) are focusing on connectivity across their various health-related programs and vendors; just one in five low performers sees integration along these lines as a priority.

CLEAR STRATEGIES AND PERFORMANCE METRICS

High-performing companies are far more rigorous than low-performing companies in developing and documenting their health care strategies, philosophy and objectives. What's more, the majority of high-performing companies manage by fact — using clearly defined metrics and measurement processes to inform decision making and action (*Exhibit 11*).

EXHIBIT 10
Factors shaping health care strategy
Percent responding very/extremely important

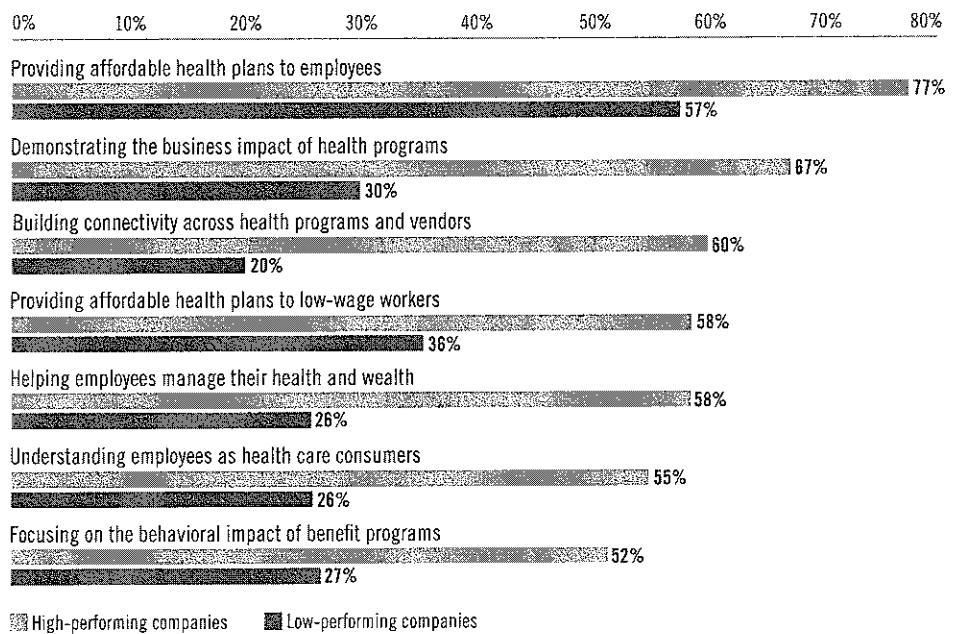
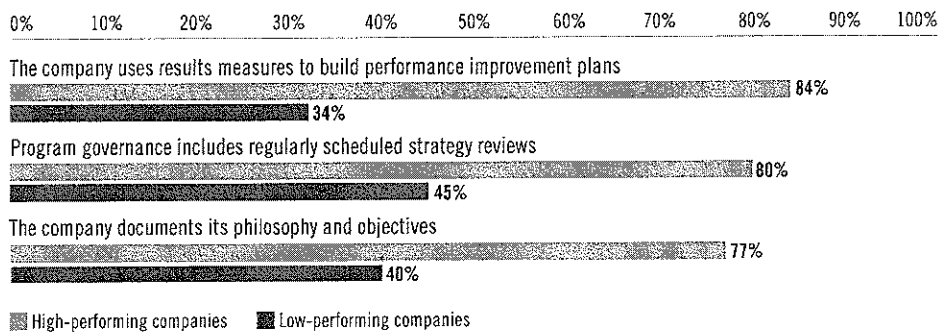
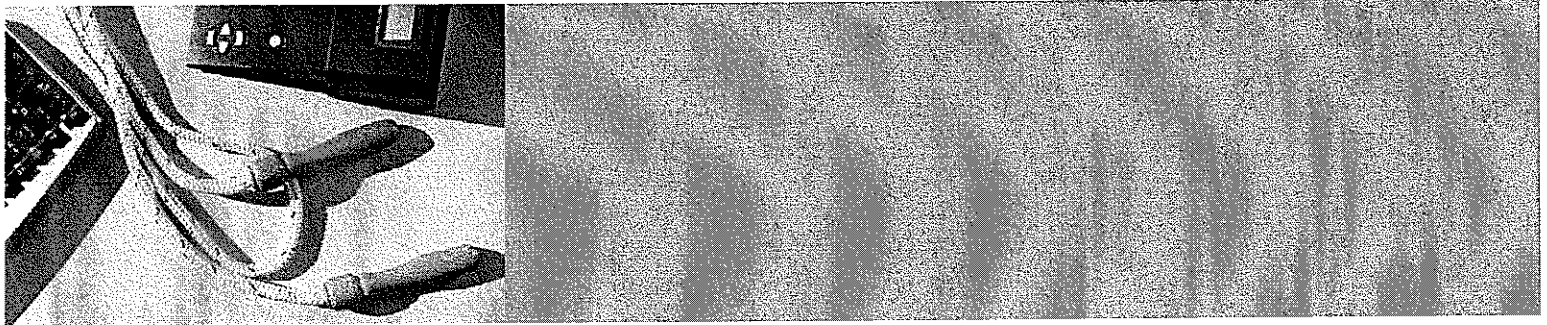


EXHIBIT 11
Strategies and metrics
Percent responding doing to a moderate/great degree





For example:

- High-performing companies are much more likely to use results measures to build performance improvement plans than their low-performing counterparts (84% versus 34%).
- Over three-quarters (80%) of high-performing companies conduct regular strategy reviews versus less than half (45%) of low-performing companies.

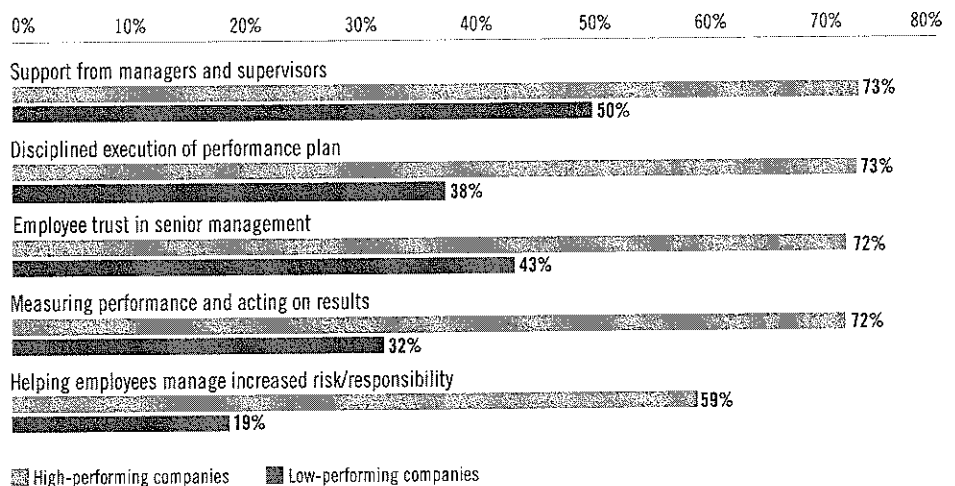
CRITICAL SUCCESS FACTORS IN PLACE

Companies today are doing more than ever to ensure that critical success factors (e.g., senior leadership involvement, support from managers and supervisors, and disciplined execution processes) are in place, but high-performing companies clearly demonstrate a deeper commitment to managing these program elements (*Exhibit 12*).

EXHIBIT 12

Critical performance factors: Are they in place?

Percent responding critical factors/in place



For example:

- 73% of high-performing companies say they have support for the health program from managers and supervisors versus only 50% of low-performing companies.
- While nearly three-quarters (73%) of high-performing companies say that disciplined execution of the performance plan is critical and in place, only 38% of low performers cite execution as critical and in place.

ACCOUNT-BASED HEALTH PLANS: INTEREST CONTINUES AS THE MARKET MATURES

Our research shows that account-based health plans (ABHPs) continue to draw employer interest and enthusiasm. And for good reason. These plans, featuring either a health reimbursement account (HRA) or health savings account (HSA) offer important advantages for both employers and employees.

Overall, under half (46%) of respondents to the 2008 Health Care Cost Survey had an ABHP in place in 2007, and significant numbers say they are considering ABHPs as an option. Notably, however, the pace of implementations indicates that the market is maturing. Our 2008 survey, for example, reports that 7% of respondents will implement an ABHP in 2008, down from the 15% who cited 2007 implementations in the prior year's survey.

To learn more about future trends and how these plans are performing today, Towers Perrin launched a two-phase research project aimed at identifying the strategy, design, implementation and program management factors that characterize successful ABHPs.* The survey included 350 employers — 150 companies that currently offer ABHPs,

along with 200 that offer traditional plans only. The results were then compared with a comprehensive Towers Perrin survey of 1,000 employees of large to midsize companies that participate in either an ABHP or a traditional plan.

The biggest takeaway from this research is that success depends on a host of factors, some of which employers might not consider part of the benefit program universe. And a good or bad implementation can stem from — or lead to — broader issues and outcomes for the organization.

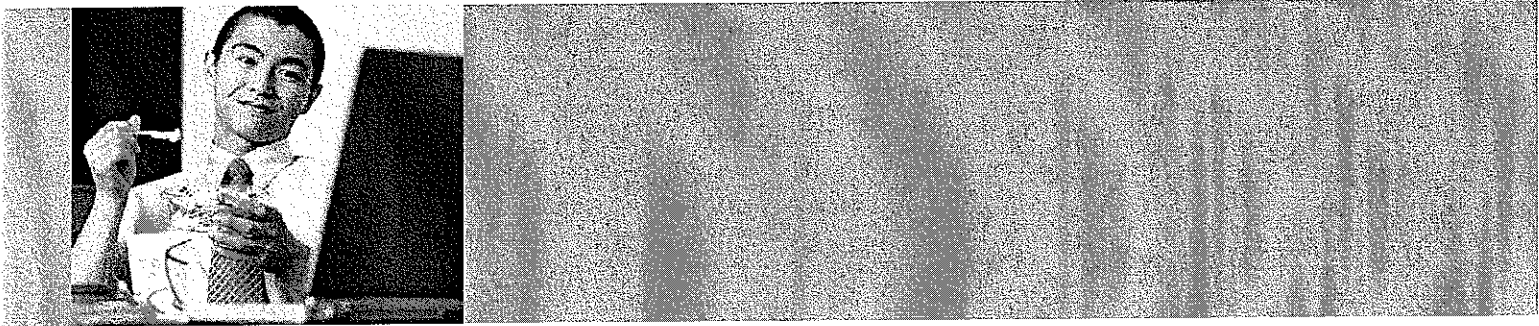
Moreover, it's interesting to see that the high-performing companies** in the ABHP study approach benefit strategy and ongoing program management in many of the same ways as high performers in the Health Care Cost Survey — taking a rigorous approach to strategy development and measurement, building accountability and transparency into benefit designs and communication, and consistently supporting employees' capabilities to make good health choices.

Additional specifics from the ABHP study include the following findings:

- Plan design and vendor management are important but not sufficient to drive desired attitudes, behaviors or outcomes; success requires building a new mindset around health and a broad commitment from both employers and employees.
- Helping employees gain confidence in their ability to manage financial risk seems to be a gateway for getting employees to embrace the new responsibilities inherent in ABHPs.
- Perhaps even more so than with traditional health plans, success with ABHPs depends on, and in turn influences, the organization's overall climate, including such factors as trust in management and a sense that the company cares about employees' well-being.
- Strategic, thoughtful change management initiatives, along with targeted, ongoing communication and visible leadership, can go a long way toward building trust and a healthy work environment.

* *Account-Based Health Plans: What Works and Why*, Towers Perrin, 2007

**The definition of high-performing companies is the same in the ABHP studies as in the Health Care Cost Survey.



EMPLOYEE-FOCUSED MEASUREMENT

High-performing companies design and deliver their programs in ways that address the factors that drive health care costs, with a focus on employee health and health care decisions. Just as important, they follow through by monitoring employee behaviors and health risks as key program performance indicators (*Exhibit 13*).

For example:

- High performers recognize the critical importance of empowering employees and providing decision support, but they don't stop there. They're also much more likely than their low-performing counterparts to actively monitor employees' use of resources and tools to ensure they're achieving the impact they seek (82% versus 54%).
- High performers are also much more active in seeking to understand health risks in their employee population, with 75% (versus 45% of low-performing companies) saying they analyze population health metrics against benchmarks.

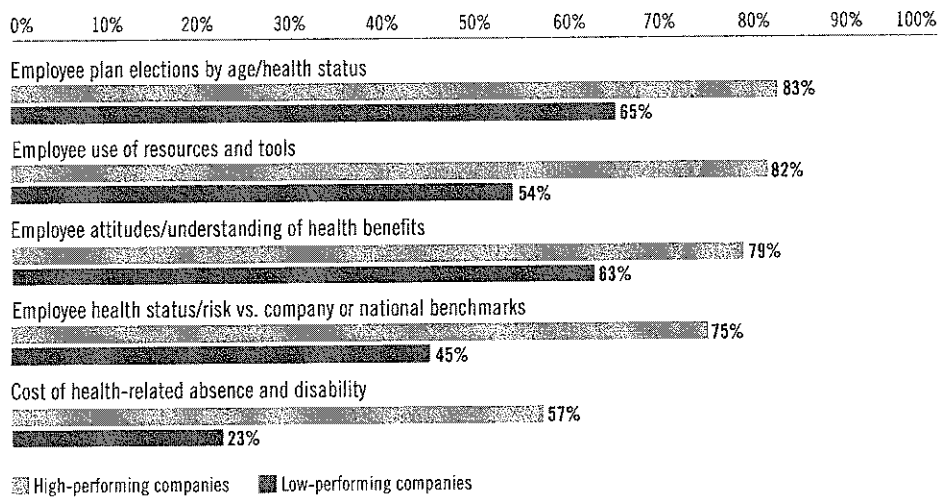
TARGETED HEALTH MANAGEMENT

With a clear understanding of the specific health risks and conditions that drive costs in their programs, high-performing companies are well positioned to develop targeted health management

EXHIBIT 13

Performance measures capturing employee attitudes and behaviors

Percent responding some/extensive measurement



programs for maximum impact. They focus on both wellness and disease management, and are more aggressive about involving vendors in solutions (Exhibit 14).

For example:

- ❑ The majority of high-performing companies (about two-thirds) offer both health improvement programs and access to expert condition management assistance for employees who need it, while well under half of the low performers offer either type of support.
- ❑ Notably, a significant percentage of the high performers (38%) work with their vendors to create *customized* care management programs targeted to the specific needs of their employee populations rather than relying on an "off the shelf" vendor solution.

CONSUMER ENGAGEMENT STRATEGIES AND PROGRAMS

By expanding communication initiatives — and providing a variety of tools and resources to support employee awareness and action — high-performing companies give employees the means to take on more responsibility and accountability for their health care decisions (Exhibit 15).

EXHIBIT 14
Targeted employee health management programs
Percent currently undertaking

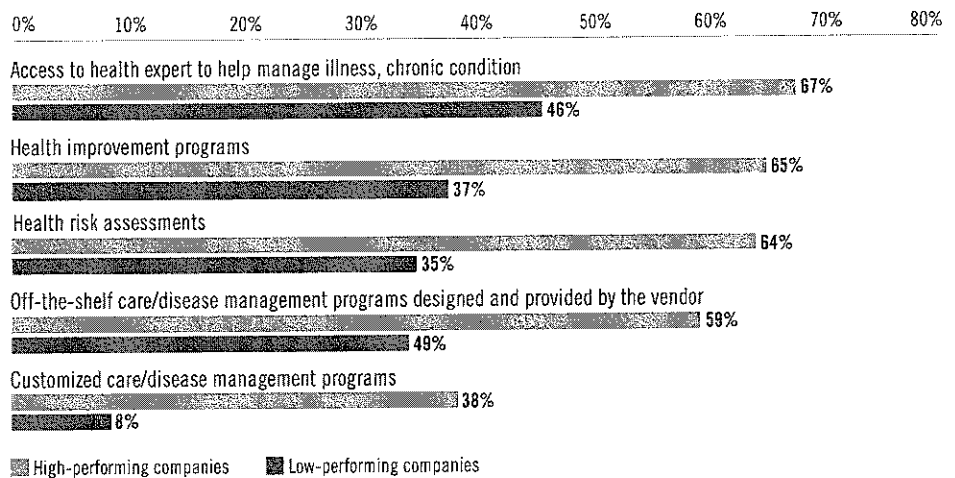
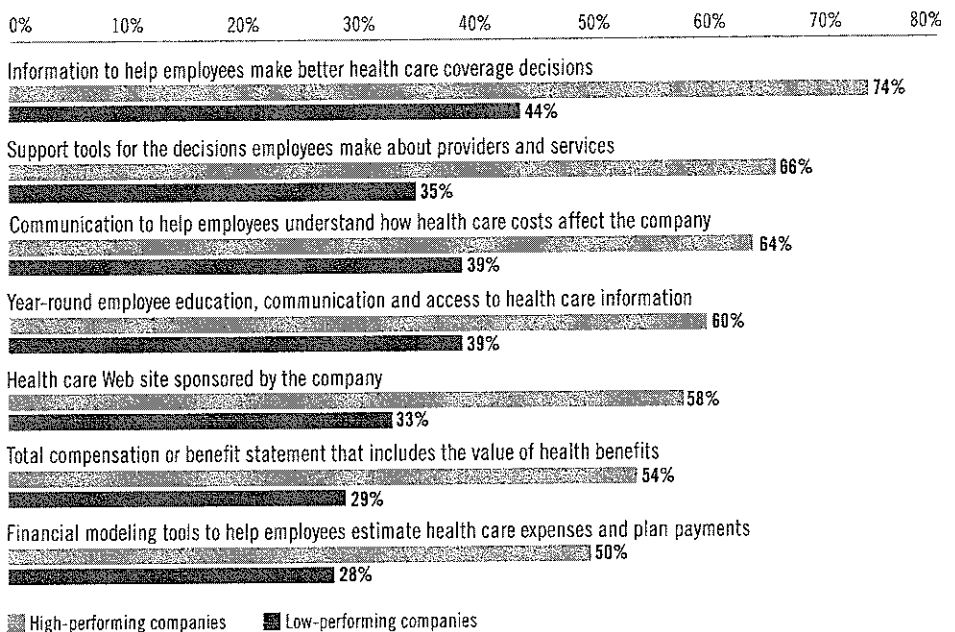


EXHIBIT 15
Consumer engagement
Percent currently undertaking



GLOBAL HEALTH CARE STRATEGIES: EMERGING ISSUES AND APPROACHES

In today's fast-paced global economy, a growing number of multinational companies are establishing and implementing global health care strategies.

Almost half of our Health Care Cost Survey respondents (47%) are multinationals, of which more than half (56%) report that they provide health care benefits in non-U.S. locations. Of the group providing benefits outside the U.S., more than 20% currently have a global health care strategy, indicating that companies are at least beginning to shape their approach to health in global marketplaces.

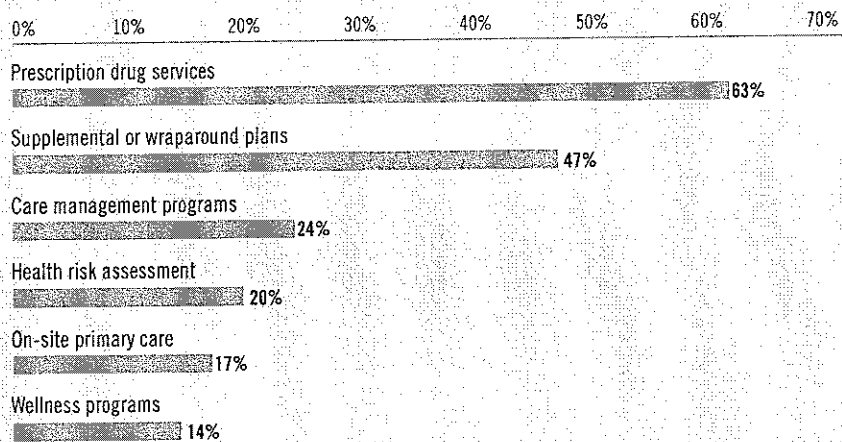
Although participants' health care strategies reflect a broad range of objectives, managing costs and improving the organization's ability to attract and retain employees are top priorities. Clearly, these companies recognize that health benefits can play an important role in effective workforce management. Indeed, our research and client experience consistently confirm that employee attitudes — both negative and positive — about their health benefits can have a halo effect on their perception of the organization overall and the company's degree of commitment to them.

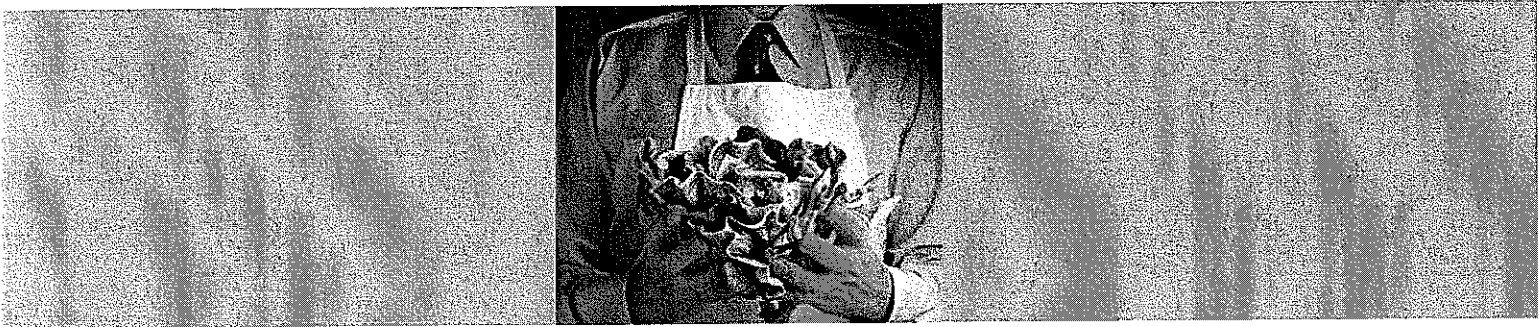
Exhibit 16 provides a quick snapshot of the types of benefits or programs respondents offer outside the U.S.

In terms of geographic priorities, respondents provide health care programs in both developing and established non-U.S. economies, with a key focus on Asia, Europe and the Pacific region.

What's the bottom line? As multinationals in growing numbers begin to address health care issues around the globe, they're making vital connections between their business goals and the health of their workforces — a source of competitive advantage that can be captured by applying a well-articulated strategy to the issues and opportunities presented in the local markets where their employees live and work.

EXHIBIT 16
Benefits or programs offered to employees outside the U.S.
 Percent responding yes





For example:

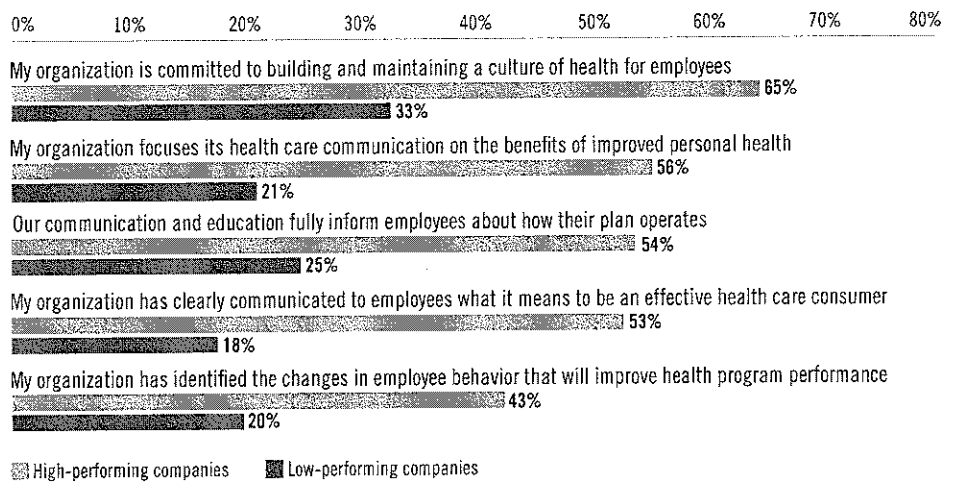
- 60% of high-performing companies provide year-round education, communication and access to health care information, while only 39% of low-performing companies provide that level of ongoing support.
- Two-thirds of high-performing companies provide employees with support tools for decisions about providers and services, while only about a third (35%) of low-performing companies do the same for their employees.
- Financial modeling tools are offered by 50% of high-performing companies, but only 28% of low-performing companies offer this resource.

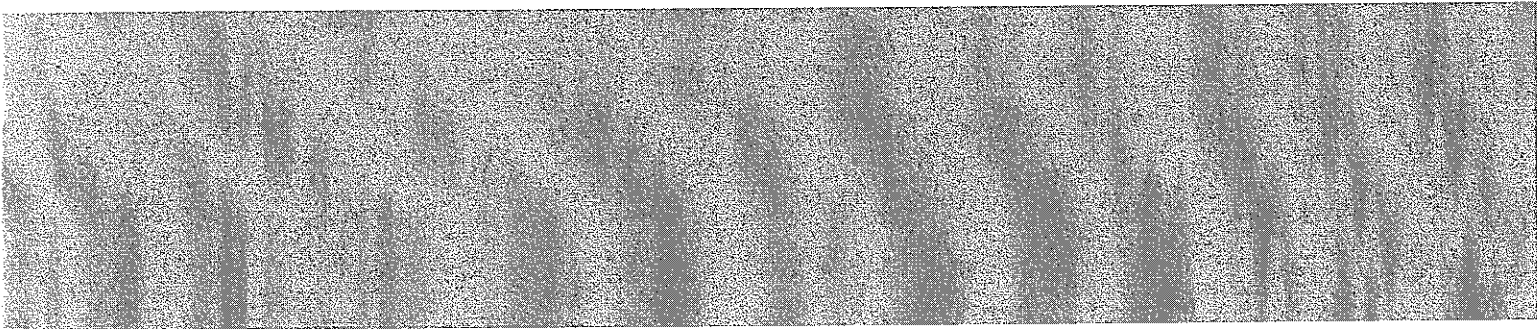
High-performing companies take a broad view of their health programs, and recognize the potential value to the organization of building a culture of health that reaches far beyond benefit design to create an environment conducive to change and the nurturing of new employee attitudes and behaviors (*Exhibit 17*).

EXHIBIT 17

Building a culture of health

Percent agree/strongly agree



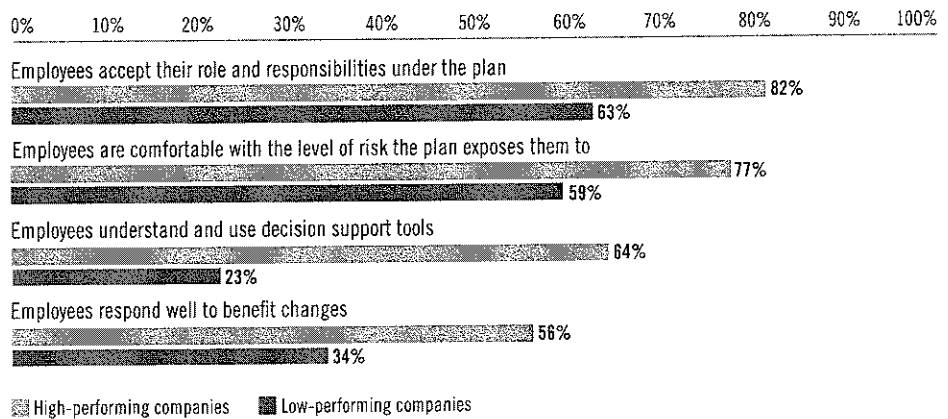


For example:

- Nearly two-thirds (65%) of high-performing companies say they're committed to building and maintaining a culture of health, compared to only one-third (33%) of low-performing companies.
- Over half (56%) of high-performing companies focus on communicating the benefits of improved personal health, versus only 21% of low-performing companies.

These efforts apparently pay off. In fact, high-performing companies are much more likely to report that their consumer engagement strategies deliver positive results in terms of employees' understanding, motivation to use decision support tools, and acceptance of their roles and responsibilities as health care consumers (*Exhibit 18*). Notably, most high performers also report that employees in their programs are comfortable with the level of financial risk they bear under their health plans. Other Towers Perrin research reveals how important this element of consumer engagement can be — particularly for organizations launching new approaches such as ABHPs.*

EXHIBIT 18
Achieving desired outcomes
Percent agree/strongly agree



As we learn more about what high-performing companies do differently, it's increasingly apparent that responsibility and accountability are critical success factors. But what high-performing companies show us is that these factors have multiple dimensions and impose certain requirements for employers as well as employees. So as companies ask their employees to take on more responsibility for their health care choices and to participate in cost-control initiatives, leading organizations make significant — and sustained —

investments in the resources, support tools, education and communication employees need to be successful health care consumers and to better manage their health. Overall, they take a comprehensive approach to program management that also includes, for example, active partnerships with vendors and providers, rigorous financial management and ongoing performance measurement.

*Account-Based Health Plans: What Works and Why, Towers Perrin, 2007

OUTLOOK FOR RETIREE MEDICAL: FUNDAMENTAL CHANGE BEGINS TO UNFOLD

Retiree medical is a hot topic in the news these days. But our survey suggests that, while some employers are making dramatic changes to their programs, others are taking actions that will unfold slowly over time.

Here are some key observations:

- Despite the ongoing media focus on the continuing erosion of employer financial support for retiree medical, 47% of survey respondents still provide some level of subsidy.
- Among employers providing a subsidy, most current retirees (96%) are eligible for subsidized coverage. But only 67% of current actives will be eligible for a subsidy when they retire, and only 48% of new hires will enjoy subsidized coverage at retirement.
- Not all subsidies are created equal. A capped employer subsidy covers a shrinking share of health care costs as rates rise with inflation. Over time, if coverage becomes unaffordable, retirees may return to the workforce — and older employees may defer retirement to obtain health benefits. For instance, with the average contribution at \$782 for family coverage, health insurance increasingly is a factor in deciding on when to retire for employees under age 65.

What are employers doing in the short term to help manage the cost of retiree medical benefits? Employers continue to apply traditional approaches to benefit cost management to their retiree health programs. For example, surveyed employers have adopted the following changes for 2007 or 2008:

- changing the employer subsidy (32%)
- tightening eligibility requirements (31%)
- offering Medicare Advantage HMO/PPO options (28%)
- changing the plan design (24%).

The survey results show some evidence of emerging interest in newer alternatives — ranging from changes in financial support to more fundamental changes in how retiree medical benefits are delivered. Specifically, some actions respondents are currently taking or planning include:

- eliminating subsidies for future retirees (32% are doing now or planning for 2008)
- offering a high-deductible health plan (HDHP) with a health savings account (HSA) to actives and retirees under age 65 to help pay for current — or future — health care expenses on a tax-free basis (25% doing/planning)

- eliminating employer-managed drug coverage for post-65 retirees and relying on Part D plans (19% doing/planning)
- offering Medicare Advantage private fee-for-service plans (12% doing/planning)
- converting the employer subsidy to a premium reimbursement account that the retiree can use to pay for individual coverage on a tax-free basis (4% doing/planning).

Based on these findings, one observation is that employers could be doing more to take advantage of increased federal funding for Medicare Advantage plans.

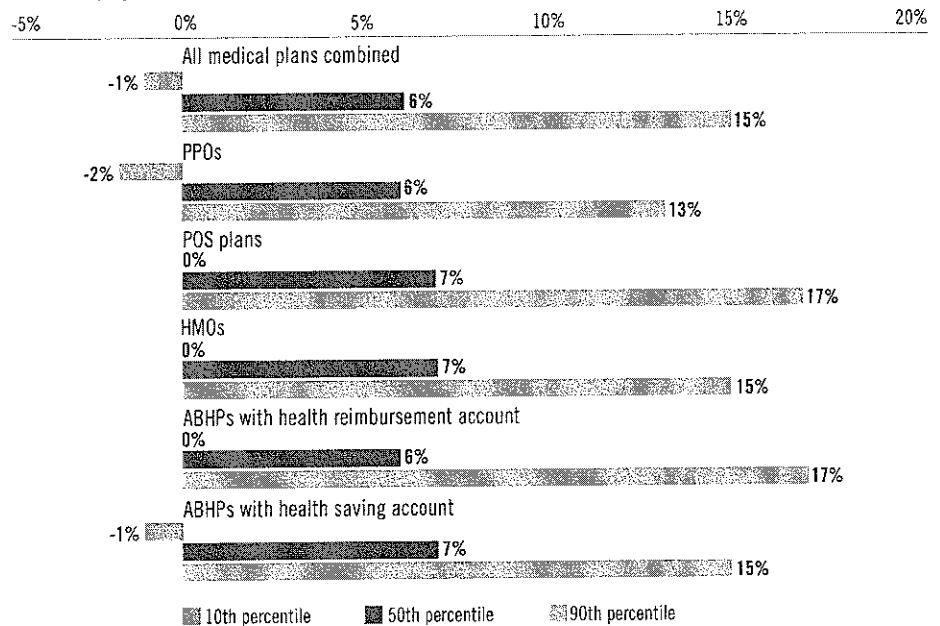
In any case, the results clearly show that employers are continuing to review and revise their commitments to retiree medical benefits. Notably, however, the full effect of today's initiatives will not be seen for several years. That's why it's critical for employers to lay the groundwork now to help employees understand, plan and prepare for the future costs they're likely to face.

COST VARIATION BY PLAN TYPE AND COVERED GROUP

Our 2008 survey looks at health benefit programs from a variety of perspectives. This section reports on costs and cost increases across plan types and by covered group.

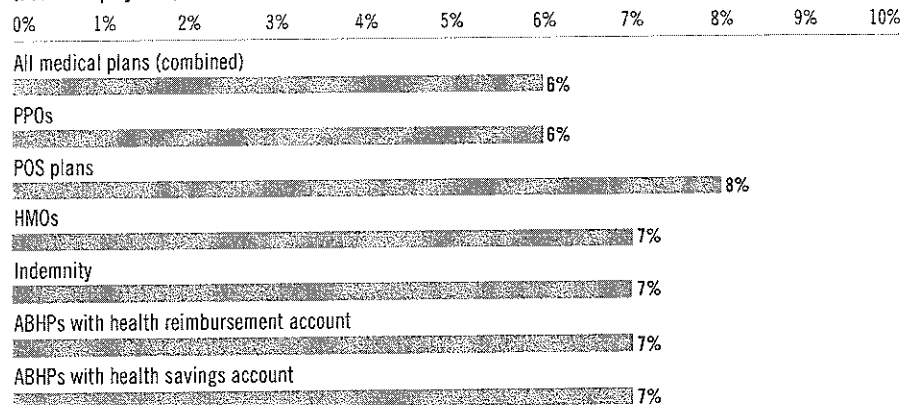
As we've seen throughout this survey, the 2008 data on cost increases show variations in results among survey participants and across plan types, as illustrated in Exhibits 19 and 20. Overall, the top 10% of companies (by rate of increase) reported a rate of increase of at least 15% in 2008 health care costs over the prior year, while the bottom 10% reported a reduction in 2008 health care costs over the prior year. Cost increases by plan type among companies offering those plans show a similar range of variation for all plan types.

EXHIBIT 19
2008 range of increases in medical costs — by plan type
 (active employees*)



*Composite of active employees (i.e., employee plus spouse and family combined)

EXHIBIT 20
2008 average medical cost increases — by plan type
 (active employees*)



*Composite of active employees (i.e., employee plus spouse and family combined)

Average costs by plan type are relatively comparable for all delivery systems, except for ABHPs, which generally show lower than average costs (*Exhibit 21*).

Looking at average monthly health care costs and cost increases by covered group (*Exhibit 22*), the average reported 2008 cost of individual coverage for all plan types is \$385 per month (\$4,620 annually) for active employees, \$566 per month (\$6,792 annually) for retirees under age 65 and \$304 per month (\$3,648 annually) for retirees age 65 and older.

EXHIBIT 21
2008 average monthly medical costs — by plan type
 (active employees)

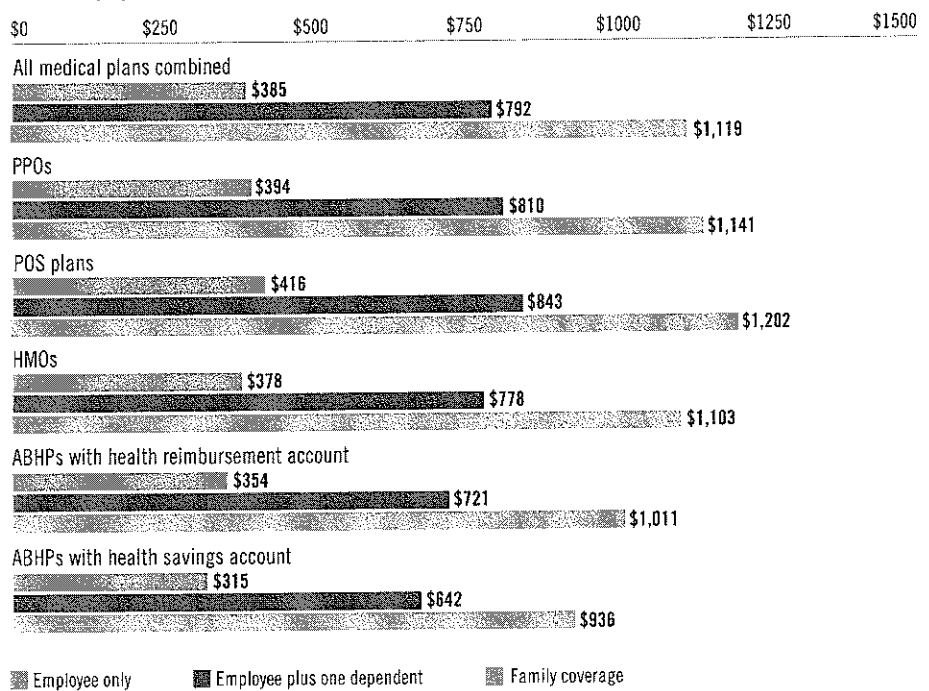
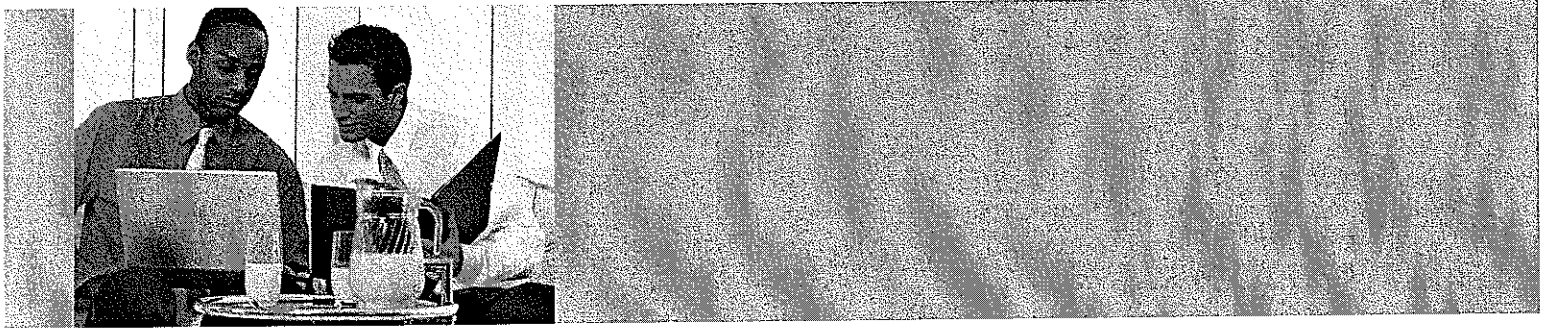


EXHIBIT 22
Average monthly medical costs and cost increases — by covered group

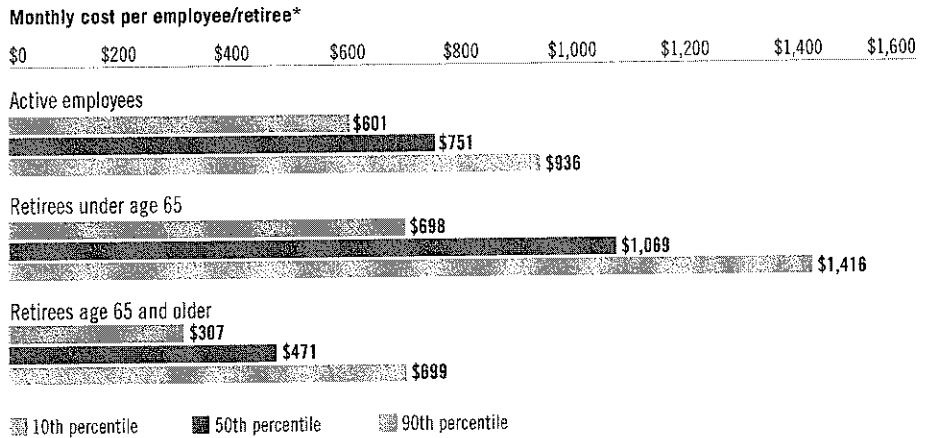
	Employee/Retiree Only	Employee/Retiree Plus Spouse	Family	Composite	Average Increase From 2007
Active employees	\$385	\$792	\$1,119	\$762	6%
Retirees under age 65	566	1,157	1,501	1,058	6
Medicare-eligible retirees	304	612	N/A	489	7

*Composite (i.e., employee/retiree only, employee/retiree plus spouse and family combined)



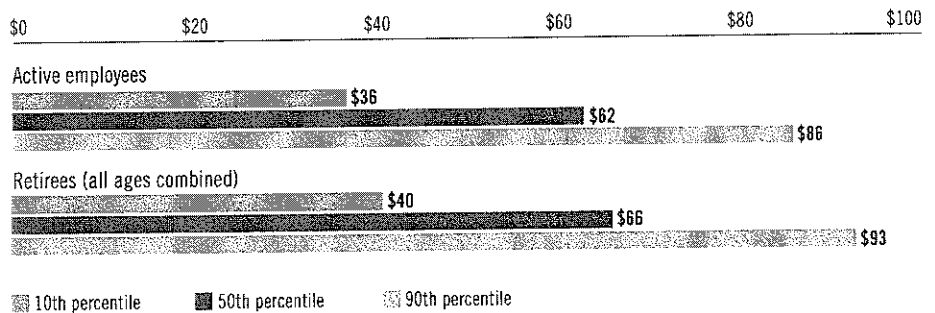
Not surprisingly, given the wide variation in medical cost increases from company to company, monthly flat dollar costs vary widely for all three categories of employees and retirees across the respondent group (*Exhibit 23*). Similarly, dental costs reflect significant variation across the respondent group by percentile (*Exhibit 24*).

EXHIBIT 23
Range of 2008 employer medical plan costs



*Composite (i.e., employee/retiree only, employee/retiree plus spouse and family combined)

EXHIBIT 24
Range of 2008 employer dental plan costs*



*Composite (i.e., employee/retiree only, employee/retiree plus spouse and family combined)



DELIVERING HEALTH BENEFITS THE WAMU WAY

How does a company with mounting health care costs turn its program around in just four years — *and* pass savings on to its employees? And how can that same company get employees who have taken a passive approach to managing their health take advantage of new, company-provided resources and actually reduce their health risks?

Washington Mutual (WaMu) has accomplished all of these things and more. A shining example of our survey's definition of a high-performing company,* WaMu traded years of rising health care costs and continual cost shifting for lower premiums and meaningful progress in helping employees better manage their health.

"We knew we had to start doing things differently," says Michael Cochran, first vice president and manager of employee benefit programs at Washington Mutual. "We firmly believed if we created a culture of health — focused on helping employees maintain their health and better manage their chronic and serious conditions — we would also be able to lower our costs."

Over the next four years, WaMu built an integrated network of benefit programs and a core team of vendors, delivering customer-focused, cost-effective health care to employees and dependents. What's more, health care costs came in 6% under budget annually. And

while the average employee share of premium costs for U.S. companies rose 8% in 2007,** the majority of WaMu's 50,000 employees saw little or no increase in their premiums.

Here's a quick snapshot of what WaMu did to take its health plan from typical to top notch:

- *Created an integrated health advocate model with the employee-consumer at its core.* WaMu didn't redesign its health care program with just costs in mind. Employees and their health were — and are — its driving force. The result? A seamlessly linked network of vendors delivering a host of resources — from a 24-hour nurse line and employee assistance program to an extensive array of care and disease management programs — to help employees manage their health and their health care.
- *Built an engaging Web site.* WaMu Health, the company's e-health portal, uses highly intuitive navigation and a personalized experience to encourage employees to take charge of their health, adopt healthier lifestyles and take full advantage of their benefits, not just once in a while, but every day.
- *Selected vendors that supported WaMu's vision.* By choosing suppliers with a similar vision, encouraging

vendor collaboration and building strict performance guarantees into all of its contracts, WaMu constructed a team that can deliver the integrated solutions it needs.

As a result of this health care overhaul, WaMu's employee population is healthier than the nation as a whole, according to a widely recognized population health risk score. And, in a recent WaMu employee survey, 83% of participants agreed they had access to the tools and resources they need to make good health care decisions — double the national average, according to Towers Perrin benchmarks.

Looking back on WaMu's stellar results, Cochran says, "People are always asking me, 'What's the one thing you did that really made the difference?' The truth is, there wasn't one *single* thing. It boils down to all the big and little things we've done — from outsourcing benefit administration, consolidating our vendors and wringing excess costs out of the system to empowering employees with the tools and resources they need to better manage their health and their care. At the end of the day, it all comes down to having a well-thought-out strategy, a laser-like focus on execution and, equally important, a great team that shares a passion for improving the health of both WaMu's employee population and its bottom line."

* For more information about high- and low-performing companies, please refer to page 5.

** Towers Perrin 2007 Health Care Cost Survey

FAS 106 EXPENSES — POSTRETIREMENT OBLIGATIONS

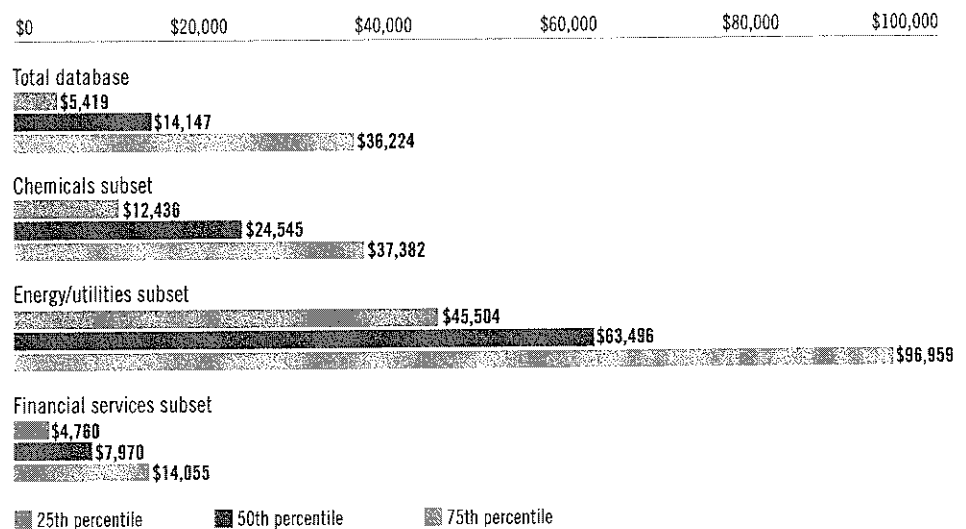
Similar to previous years' findings, there are wide variations in FAS 106 liability, both within and across industries. This variation is clearly illustrated in *Exhibit 25*, which compares average accumulated postretirement benefit obligations (APBOs) per active employee with APBOs in the relatively mature chemicals and energy/utilities industries, as well as in the financial services sector.

Drawn from an analysis of 2006 company annual reports, the APBO data show that companies at the 75th percentile across all industries have a FAS 106 liability roughly seven times as great as companies at the 25th percentile. Also noteworthy, companies at the 75th percentile in the energy/utilities industry group have a FAS 106 liability twice as large as companies at the 25th percentile within the industry.

These variations in liability can reflect special factors within an industry. For example, as a result of the older age distribution of employees, more generous benefit subsidies and a disproportionately large number of retirees per active employee in energy/utility companies, liabilities are much greater among employers in this industry than the average for all industries.

EXHIBIT 25

Annual retiree medical costs and accumulated liability Average and industry (comparison of APBO per active employee)



Source: Analysis of 2006 company annual reports

Given these wide variations in workforce characteristics and financial impacts, employers should compare their own results against averages for their peers, based on industry, size and so forth. Only then can they determine whether their expense and liability levels are both reasonable and sustainable.

Emerging retiree program designs — including the conversion of traditional benefit promises into commitments based on a defined contribution to a retiree's account or a capped premium

reimbursement — are some of the new approaches employers are taking to limit the level and volatility of retiree medical costs. Some employers are also evaluating ways to create a more integrated active and retiree health care program as part of their efforts to solve the long-term affordability problem for both employees and retirees.

THE ART OF THE POSSIBLE. AN EMERGING PICTURE OF SUCCESS

The good news in our 2008 survey is that, for the first time in over a decade, high-performing companies are keeping cost growth near the CPI for medical services. Our insights into what these companies do differently provide a clear view of best practices. In brief, these companies are successful in managing costs while at the same time maintaining an attractive health program that not only provides adequate coverage for employees, but also supports the organization's broader goals to build a positive work environment and potentially creates competitive advantage from both a cost and talent management perspective.

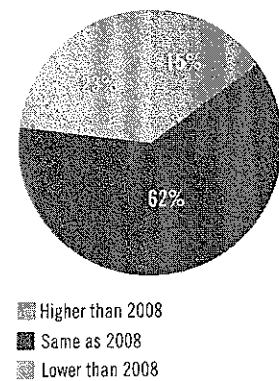
What's key is that these organizations are not simply shifting costs to their employees. Instead, they employ a broad range of tactics focused on:

- ▣ improving employees' overall health and wellness
- ▣ increasing employee engagement in health care decisions and health-related behaviors
- ▣ using ongoing measurement processes to identify problems early on and actively address them.

What leading companies are doing today, in fact, provides a picture of what success could look like over the next few years. For example, despite expectations that health care costs will rise at rates above inflation for years to come, the survey respondents overall indicate that they envision their companies playing a major role in providing coverage to employees for the foreseeable future. They do, however, continue to indicate certain key shifts in the employer role — shifts already under way at high-performing companies.

So while the survey respondents expect to be providing benefits that are "competitive" in the 2012 marketplace for talent, they also plan to keep a tight rein on their financial subsidy, which they expect will be the same or lower five years from now (*Exhibit 26*). Delivering on that expectation will clearly depend on the kind of comprehensive approach and rigorous execution high-performing companies exercise today.

EXHIBIT 26
Expected health benefit subsidy
2012 vs. 2008



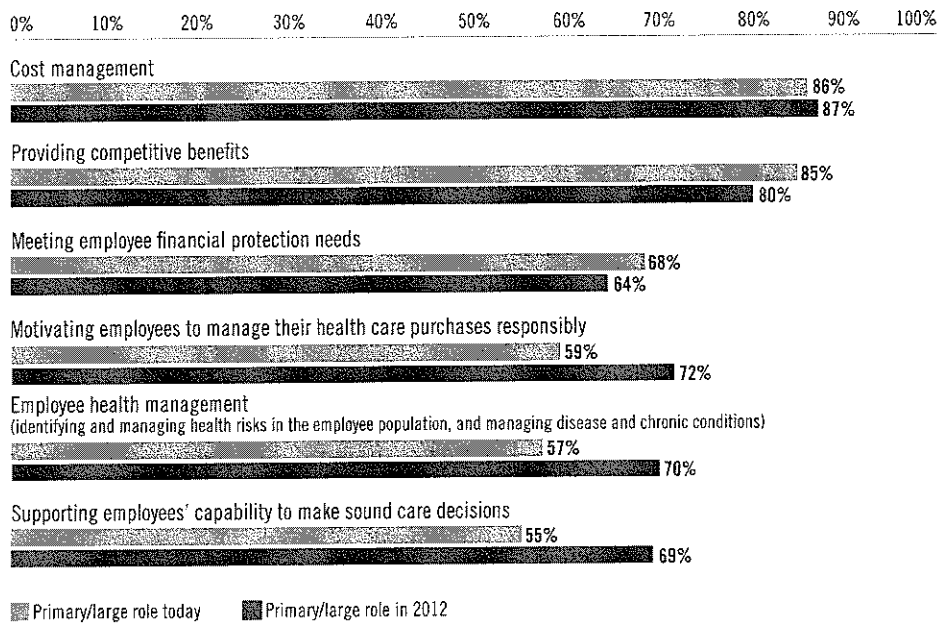


In a similar vein, survey respondents expect to increase their emphasis on employee responsibility in the next five years — but see a parallel increase in employer support (*Exhibit 27*).

Specifically, respondents expect to be doing more five years from now to support employees' capability to make sound health care decisions, motivate employees to manage their health care responsibly and manage health risks in the employee population overall.

The "X" factor, of course, could be health care reform. So far, as we've seen in this study, most employers anticipate change, but support a system that keeps employers in the game.

EXHIBIT 27
The evolving role of the employer
 Percent responding primary/large role



Y

ABOUT THE SURVEY

The Towers Perrin 2008 Health Care Cost Survey, conducted in September 2007, marks the 19th consecutive year that Towers Perrin has surveyed, analyzed and reported on major trends in employee and retiree health care costs. Participants were asked to report their 2008 per capita premium costs for insured health and dental plans, or premium equivalents for self-insured plans.

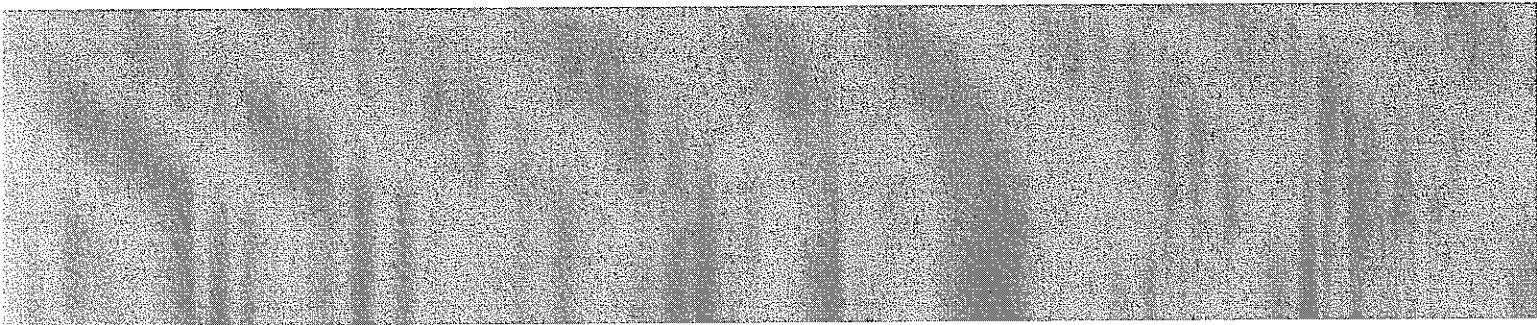
A total of 500 employers, with operations in numerous locations nationwide, responded.

Respondents are primarily *Fortune* 1000 companies. Collectively, they provide medical benefits costing more than \$46 billion annually to approximately 10 million U.S. employees, retirees and dependents.

We are grateful to all participants in this year's research. We believe the findings reveal interesting marketplace trends and provide a useful guide for organizations seeking to better manage their health care costs. For additional information on the survey results, please contact your local Towers Perrin consultant or office, or visit our Web site at www.towersperrin.com.

PARTICIPANT LIST

Abbott Laboratories	Bath Iron Works Corporation	CHRISTUS Health, Inc.
AB Mauri Food Inc.	Bayer Corporation	Cincinnati Bell, Inc.
Acosta Inc.	Bechtel Corporation	Circle K Stores, Inc.
Administaff, Inc.	Beckman Coulter, Inc.	Circuit City Stores, Inc.
A & D Technology, Inc.	Belk, Inc.	City of Apple Valley
Advanced Micro Devices, Inc.	Best Buy Company, Inc.	City of Austin
Advocate Health Care Network Inc.	BHP Billiton	City of Charlotte
Aetna, Inc.	Biogen Idec	City National Bank
Agere Systems, Inc.	Black & Veatch Corporation	City of Winona
Allina Hospitals & Clinics	BMC Software, Inc.	Coca-Cola Bottling Co. Consolidated
Amazon.com, Inc.	Board of Regents of the University System of Georgia	Commerce Bancshares, Inc.
Ameriprise Financial, Inc.	Boy Scouts of America — National Office	Compass Group USA, Inc.
Amerisure	Bradley Pharmaceuticals, Inc.	Conseco, Inc.
Amgen, Inc.	Brady Corporation	CONSOL Energy, Inc.
Applied Materials, Inc.	Bristol-Myers Squibb Company	Consolidated Edison Company of New York, Inc.
Arcadis Geraghty & Miller, Inc.	Brooks Automation, Inc.	Corning Incorporated
Ascension Health	Brown Shoe Company, Inc.	Countrywide Financial Corporation
Ashtabula County Medical Center	Bunzl Distribution USA, Inc.	CSX Corporation, Inc.
Associated Electric Cooperative, Inc.	Burger King Corporation	CVS/Caremark Corporation
Atmos Energy Corporation		
AT&T		
Atwood Oceanics, Inc.	Cameron International Corporation	Danbury Health Systems
Automatic Data Processing, Inc.	Carmax, Inc.	Delta Air Lines, Inc.
	Caterpillar Inc.	Dewey Ballantine
	CF Industries, Inc.	The DIRECTV Group, Inc.
Baker Hughes Incorporated	The Charlotte Mecklenburg Hospital	Discovery Communications, Inc.
Bank of America Corporation	Chevron Corporation	Dow Jones & Company, Inc.
Bank of the West	C. H. Guenther & Son, Inc.	Dresser, Inc.
Barclays Global Investors	Children's Healthcare of Atlanta	



Eaton Corporation
 Eddie Bauer, Inc.
 Electronic Data Systems Corporation
 Elliot Health System
 El Paso Corporation
 EMCOR Group, Inc.
 Emdeon Corporation
 Emory Healthcare
 Emory University
 Energy East Corporation
 EOG Resources, Inc.
 Ernst & Young
 Evangelical Lutheran Church in America
 Exelon Corporation
 ExpressJet Airlines, Inc.

 Fairview Hospital & Healthcare Services
 Farmers Group, Inc.
 Fifth Third Bancorp
 First Citizens Bank
 F.N.B. Corporation
 Food Lion
 Frankenmuth Mutual Insurance Company
 Freescale Semiconductor, Inc.
 Freudenberg NOK General Partnership
 Frisch's Restaurants, Inc.

 Gap Inc.
 Genentech, Inc.
 General Electric Company
 Gen Re

Global Payments
 GlobalSantaFe Corporation
 Golden Living
 GraTech International Ltd.
 Gramercy Alumina LLC
 Graphic Packaging International
 GROWMARK, Inc.
 Guthrie Health System

 Halliburton Company
 Hanson Building Materials America
 HarperCollins Publishers
 Hayes Lemmerz International, Inc.
 H.E. Butt Grocery Company
 Herman Miller, Inc.
 H.J. Heinz Company
 Holyoke Mutual Insurance Co.
 Humana Inc.
 Huntington Bancshares Incorporated
 Huntsman Corporation
 Hyundai America Technical Center, Inc.

 IAC/InterActiveCorp
 IBM Corporation
 IM Flash Technologies LLC
 IMS Health Incorporated
 Independence Blue Cross
 In-Sink-Erator
 International Flavors & Fragrances, Inc.
 Iowa State University of Science and Technology

Jack in the Box, Inc.
 JATCO USA, Inc.
 JC Penney Corporation, Inc.
 JLG Industries, Inc.
 J.M. Huber Corporation
 The J.M. Smucker Company
 John Crane, Inc.
 John Hancock Financial Services
 Johnson & Johnson

 KBR
 Kelly Services, Inc.
 Kennametal, Inc.
 KeyCorp
 K. Hovnanian Enterprises, Inc.

 L.A. County Metropolitan Transportation Authority
 Land O'Lakes, Inc.
 Lear Corporation
 Liberty Mutual Group
 Lifetouch, Inc.
 Limited Brands
 Lorillard Tobacco Company
 Lower Colorado River Authority
 The Lubrizol Corporation
 Lydall, Inc.
 Lyondell Chemical Company

 Macy's, Inc.
 Marshall & Ilsley Corporation
 Martin Memorial Health Systems

Marvin Windows and Doors
 Massachusetts Medical Society
 MassMutual Benefits Management, Inc.
 Mazda Motor of America, Inc.
 The McGraw-Hill Companies, Inc.
 MDU Resources Group, Inc.
 Media General, Inc.
 Merrill Corporation
 Micron Technology, Inc.
 Middlesex Hospital
 The Midland Company
 The Ministers and Missionaries Benefit Board
 Mueller Water Products, Inc.
 Mutual of Omaha Insurance Company
 MWH Global, Inc.

Nalco Company
 National Futures Association
 National Gypsum Company
 Nationwide Mutual Insurance Company
 Navarre Corporation
 NelNet
 Newstar Financial, Inc.
 Nike, Inc.
 Noble Corporation
 Noble Energy, Inc.
 Noranda Aluminum, Inc.
 Nordson Corporation
 Norfolk Southern Corporation
 Nortel Networks Corporation
 North Carolina League of Municipalities

Northside Hospital
 Northwestern Mutual
 NOVA Chemicals, Inc.
 Novartis Pharmaceuticals Corporation
 Novelis, Inc.

Oberto Sausage Company
 OSRAM SYLVANIA, Inc.

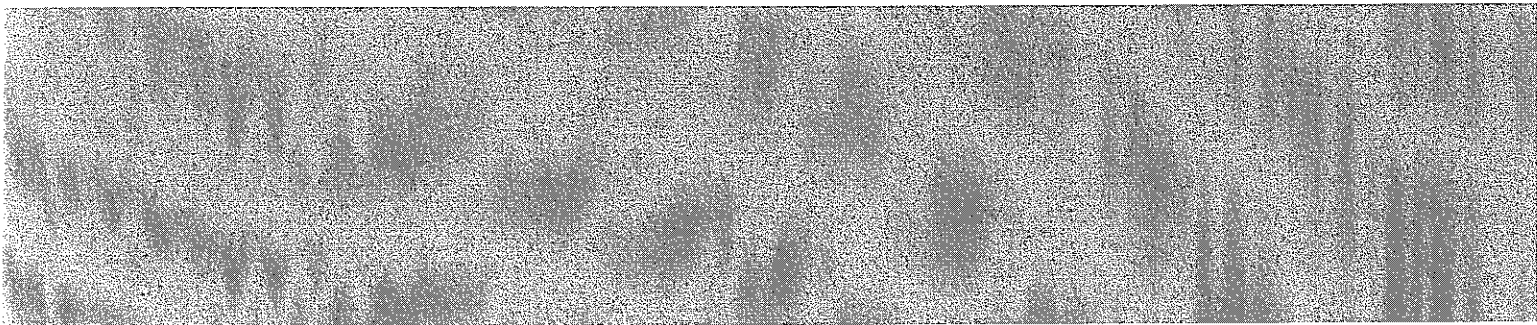
Papa John's International, Inc.
 Parkdale Mills, Inc.
 Paul, Hastings, Janofsky & Walker
 PeaceHealth
 Pearson, Inc.
 People's Bank
 Philip Morris USA
 Plains All American Pipeline, L.P.
 PolyOne Corporation
 PRA International, Inc.
 Praxair, Inc.
 PRC, LLC
 Principal Financial Group, Inc.
 Progress Energy
 Public Employee Benefits Cooperative

Quicken Loans

Reliant Energy
 Retail Brand Alliance, Inc.
 Rinker Materials
 RML Specialty Hospital

Rochester Institute of Technology
 Rotary International

Sanford Health
 San Juan Regional Medical Center
 Sasol North America
 The Scotts Company
 SC Johnson
 Seattle Times Company
 See's Candies
 7-Eleven, Inc.
 Severn Trent Services, Inc.
 The Shaw Group, Inc.
 Shriners Hospitals for Children
 Shurtape Technologies, Inc.
 Smart & Final, Inc.
 Solar Turbines Incorporated
 Sonoma County
 Sony Pictures Entertainment
 South Shore Hospital
 Staples, Inc.
 State of Ohio, Benefits Administration Services
 Stepan Company
 St. Jude Medical, Inc.
 Stout Risius Ross, Inc.
 Sun Microsystems, Inc.
 SurModics
 SVB Financial Group
 Swagelok Company
 Syngenta Crop Protection



TDS Logistics
Technegas, Inc.
Teletech Holdings, Inc.
Tennessee Valley Authority
Texas A & M University System
Texas Health Resources, Inc.
Textron, Inc.
Thomson, Inc.
3M
TIAA-CREF
TIMEC Company, Inc.
Toll Brothers, Inc.
Tollgrade Communications, Inc.
Trans Union Corporation
Trinity Health
Trump Organization, Inc. — Trump Plaza Hotel
TS Tech Alabama
TS Tech Co. Ltd.
Tyco International, Ltd.

UGI Utilities, Inc.
UNC Health Care
Underwriters Laboratories, Inc.
Union Bank of California
Unisys Corporation
United Airlines, Inc.
United Parcel Service of America, Inc.
University of Chicago Hospitals
University Community Hospital
University Hospitals Case Medical Center

University of Michigan Health System
University of Missouri
University of Pennsylvania Health System
University of Pittsburgh Medical Center
UNUM Provident Corporation
U.S. Bancorp
USIS

Valero Energy Corporation
Vanguard Car Rental USA Inc.
VIA Metropolitan Transit
Visa U.S.A. Inc.
Visiting Nurse Service of New York
Visteon Corporation

Warnaco Group, Inc.
Wells' Dairy, Inc.
Wellstar Health System, Inc.
Westfield Corporation, Inc.
Westlake Group
The Williams Companies, Inc.
Williams-Sonoma, Inc.

Zale Corporation
ZF Group

ABOUT TOWERS PERRIN

Towers Perrin is a professional services firm that helps organizations improve performance through effective people, risk and financial management. The firm provides innovative solutions in the areas of human capital strategy, program design and management, and in the areas of risk and capital management, reinsurance intermediary services and actuarial consulting.

Towers Perrin has offices and alliance partners in the world's major markets. More information about Towers Perrin is available at www.towersperrin.com.

www.towersperrin.com

MDL Workpapers
Group Insurance Expense

National Grid - RI Gas
Group Life Insurance Expense

Business I (All)
Bus Unit D (All)

Sum of Actual \$	Exp Type Descr	Regulatory Acct	Regulatory Acct Descr	Orig Business Unit	Grand Total
B04	O&M / Non-O&M Balance Sheet	107000	Construction in Progress	00001	42,538
		108001	RWIP Reclass	00048	2,473
	Capital Total				10,133
	Other Balance Sheet	174000	Misc Curr and Accrued Assets		595
		183100	Prelim Survey & Investigation-Gas		78
		184030	Communication Expenses-Debit		23
	Other Balance Sheet Total				696
	Balance Sheet Total				53,968
	Expense	926000	Employee Pensions & Benefits		2,466
	A&G Expenses Total				168,605
	Gas Expenses	880000	Gas Oper-Misc Expenses		83,413
		887000	Gas Maint-Matins		196,751
		897000	Gas Maint-Services		83,413
	Gas Expenses Total				188
	Expense Total				64
					252
B04 Total					168,605
Grand Total					168,605
					(55,016)
					83,413
					197,002
					250,370
					250,370

Test Year Group Insurance Expense Charged to O&M per above:

197,002

Note: Credit amount originating from company 48 reflects reclass of capitalized group life insurance costs.

National Grid - RI Gas
Pension Expense

Business U (All)
Bus Unit D (All)

Sum of Actual \$ Expense Type Descr	Expense Type Descr	Regulatory Acct	Regulatory Acct Descr	Orig Business Unit	Grand Total	Total	Adjust Purch Acctg	Adjusted Total	Percent
806 Pension	O&M / Non-O&M Balance Sheet	107000 108001	Regulatory Acct Construction in Progress RWIP Reclass	00048	832,517.14	832,517.14	97,316.09	97,316.09	14.45%
	Capital				97,316.09	97,316.09		97,316.09	1.69%
	Capital Total				929,833.23	929,833.23		929,833.23	16.14%
	Other Balance Sheet	174000 182500 183100	Misc Curr and Accrued Assets Pension/FAS106 Purch Acctg Adj Prelim Survey & Investigation-Gas		13,547.18	13,547.18	3,726,516.70	13,547.18	0.24%
	Other Balance Sheet Total				13,547.18	13,547.18	3,726,516.70	13,547.18	0.00%
	Balance Sheet Total				832,517.14	832,517.14	3,726,516.70	832,517.14	0.05%
	Expense	926000	Employee Pensions & Benefits		(2,780,483.98)	(2,780,483.98)	(4,251,017.00)	(4,251,017.00)	16.42%
	A&G Expenses	887000	Gas Maint-Mains		1,284.62	1,284.62	564.19	1,284.62	83.55%
	Gas Expenses	892000	Gas Maint-Services		564.19	564.19	564.19	564.19	0.02%
	Gas Expenses Total				1,848.81	1,848.81	1,848.81	1,848.81	0.03%
	Expense Total				9,064,400.33	9,064,400.33	(4,251,017.00)	4,813,383.33	83.55%
806 Total					9,064,400.33	9,064,400.33	(4,251,017.00)	4,813,383.33	83.55%
Grand Total					6,285,765.16	6,285,765.16	(524,500.30)	5,761,264.86	100.00%

Total Test Year Pension Expense per above: 5,761,264.86
 Test Year Pension Expense Charged to O&M per above: 4,813,383.33

National Grid - RI Gas
Service Company Pension Charges to Narragansett Gas

Pension

Sum of Actual \$			
Expense T	Expense Type Descr	O&M / Non-O&M	Cost Type
B06	Pension	Balance Sheet	Capital
		Other Balance Sheet	Other Balance Sheet
		Balance Sheet Total	
		Expense	A&G Expenses
			Customer Service & Info Expenses
			Distribution O&M
			Gas Expenses
			Other
		Expense Total	
B06 Total			
Grand Total			

	Amount Charged to RI Gas	Total Service Company	Percent O&M vs Non-O&M RI Gas
Total Balance Sheet	18,950	3,061,859	2.70%
Total Expense	683,869	16,754,968	97.30%
Total	702,818	19,816,828	100.00%
% of Total Service Company	3.55%	100%	

Business Unit (All)
Bus Unit C (All)

Sum of Actual \$ Expense Expense Type Descr	O&M / Non-O&M Balance Sheet	Cost Type	Regulatory Acct	Regulatory Acct Descr	Orig. Business Unit	Grand Total	Total	Adjust	Adjusted Total	Percent
501	FAS 106	Capital	107000	Construction in Progress	00048	534,802	534,802		534,802	11.48%
		Capital	108001	RWIP Reclass		131,695	131,695		131,695	2.83%
		Other Balance Sheet	114103	GW - NEG		666,497	666,497		666,497	14.31%
			174000	Misc Curr and Accrued Assets		12,044	12,044		12,044	0.26%
			182550	Pension/FAS 106 Purch Acctg Adj		(2,014,478)	(2,014,478)	2,014,478	2,014,478	0.00%
			183100	Preliminary Investigation-Gas		2,064	2,064		2,064	0.04%
		Other Balance Sheet Total				(2,009,379)	(2,009,379)		(2,009,379)	-0.30%
	Balance Sheet Total					(1,333,873)	(1,333,873)		680,605	14.61%
	Expense	A&G Expenses	926000	Employee Pensions & Benefits		3,975,218	3,975,218		3,975,218	85.33%
		A&G Expenses Total				3,975,218	3,975,218		3,975,218	85.33%
		Gas Expenses	887000	Gas Maint-Mains		2,172	2,172		2,172	0.05%
		Gas Expenses Total				2,172	2,172		2,172	0.05%
	Expense Total					2,949	2,949		2,949	0.06%
						3,975,167	3,975,167		3,975,167	85.33%
801 Total						2,844,294	2,844,294	2,014,478	4,858,772	100.00%
Grand Total						2,844,294	2,844,294	2,014,478	4,858,772	

Total Test Year FAS 106 Expense per above: 4,658,772
 Test Year FAS 106 Expense Charged to O&M per above: 3,978,167

National Grid - RI Gas
Service Company FAS 106 Charges to Narragansett Gas

FAS106

Sum of Actual \$			
Expense T	Expense Type Descr	O&M / Non-O&M Balance Sheet	Cost Type
B01	FAS 106		00048
		Balance Sheet	Capital
		Balance Sheet Total	Other Balance Sheet
		Expense	A&G Expenses
			Customer Service & Info Expenses
			Distribution O&M
			Gas Expenses
			Other
B01 Total		Expense Total	
Grand Total			
			Grand Total

	Amount Charged to RI Gas	Total Service Company	Percent O&M vs Non-O&M RI Gas
Total Balance Sheet	20,260	3,275,290	2.66%
Total Expense	741,551	18,344,947	97.34%
Total	761,811	21,620,237	100.00%
% of Total Service Company	3.52%	100%	

	MDL Workpaper Pension/PBOPs			
	FY 2009	FY 2010	FY 2011	FY 2012
<u>NEGas</u>				
FAS 87 Cost per Hewitt 3/5/2008 fcst	1,677,523	1,624,143	1,491,501	1,715,687
Regulatory Expense	4,065,260	4,065,260	4,065,260	4,065,260
Total	5,742,783	5,689,403	5,556,761	5,780,947
		<u>12 Mos End Sep 2009</u>	<u>12 Mos End Sep 2010</u>	<u>12 Mos End Sep 2011</u>
NEGas Total Pension Cost		5,716,093	5,623,082	5,668,854
O&M amount	83.58%	4,777,478	4,699,739	4,737,995
<u>Service Company</u>				
FAS 87 Cost per Hewitt 3/5/2008 fcst	17,276,007	15,803,478	13,989,266	14,068,253
Regulatory Expense	(8,568,709)	(8,600,709)	(8,702,709)	(8,918,709)
Total	8,707,298	7,202,769	5,286,557	5,149,544
		<u>12 Mos End Sep 2009</u>	<u>12 Mos End Sep 2010</u>	<u>12 Mos End Sep 2011</u>
Serv Co. Total Pension Cost		7,955,034	6,244,663	5,218,051
	3.55%			
	97.30%	274,525	215,501	180,073
Total O&M Pension		5,052,002	4,915,240	4,918,068

**MDL Workpaper
Pension/PBOPs**

	FY 2009	FY 2010	FY 2011	FY 2012
<u>NEGas</u>				
FAS 106 Cost per Hewitt 3/5/2008 fcst	2,965,865	3,025,676	3,076,506	3,106,235
Regulatory Expense	1,789,730	1,789,730	1,789,730	1,789,730
Total	4,755,595	4,815,406	4,866,236	4,895,965
		<u>12 Mos Sep 2009</u>	<u>12 Mos Sep 2010</u>	<u>12 Mos Sep 2011</u>
NEGas Total FAS106 Cost		4,785,501	4,840,821	4,881,101
O&M Amount	85.39%	4,086,382	4,133,620	4,168,015
<u>Service Company</u>				
FAS 106 Cost per Hewitt 3/5/2008 fcst	13,402,239	12,501,906	11,514,130	10,637,610
Regulatory Expense	1,088,801	1,083,197	1,083,197	1,083,197
Total	14,491,040	13,585,103	12,597,327	11,720,807
		<u>12 Mos Sep 2009</u>	<u>12 Mos Sep 2010</u>	<u>12 Mos Sep 2011</u>
Serv Co. Total FAS106 Cost		14,038,072	13,091,215	12,159,067
	3.52%			
O&M Amount	97.34%	481,491	449,015	417,043
Total FAS106 O&M amount		4,567,872	4,582,635	4,585,058

National Grid USA

Final Average Pay Pension Plan

Estimated FAS 87 Expense for New England Gas

3/21/2008

	Estimated 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
FAS 87 Pension Expense/(Income)	\$ 1,694,446	\$ 1,677,523	\$ 1,624,143	\$ 1,491,501	\$ 1,715,687	\$ 2,002,545
FAS 88 Special Termination Benefits	\$ 5,257,000	\$ 2,098,000	\$ 1,748,000	\$ 874,000	\$ 0	\$ 0
FAS 88 Curtailment Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regulatory Expense/(Income)	\$ 4,065,260	\$ 4,065,260	\$ 4,065,260	\$ 4,065,260	\$ 4,065,260	\$ 4,065,260
Total Pension Expense/(Income)	\$ 11,016,706	\$ 7,840,783	\$ 7,437,403	\$ 6,430,761	\$ 5,780,947	\$ 6,067,805

Assumptions:

Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Salary Scale						
Nonunion	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Union	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Mortality Table for Union	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH
Mortality Table for Nonunion	RP2000CH	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15

Hewitt Associates

MDL WKP
PENSION / PBOP

National Grid USA

Nonunion Retiree Welfare Plan

Estimated FAS 106 Expense for New England Gas

3/21/2008

	Estimated 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
FAS 106 Expense	\$ 1,900,097	\$ 2,141,933	\$ 2,178,416	\$ 2,207,972	\$ 2,214,517	\$ 2,220,939
FAS 106 Special Termination Benefits	\$ 58,000	\$ 54,000	\$ 45,000	\$ 22,000	\$ 0	\$ 0
FAS 106 Curtailment Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regulatory Expense	\$ 1,073,838	\$ 1,073,838	\$ 1,073,838	\$ 1,073,838	\$ 1,073,838	\$ 1,073,838
Total RW Expense	\$ 3,031,935	\$ 3,269,771	\$ 3,297,254	\$ 3,303,810	\$ 3,288,355	\$ 3,294,777

Assumptions:

Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Initial Trend	10.50%	9.50%	8.50%	7.50%	6.50%	5.50%
Ultimate Trend	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality Table	RP2000CH	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15

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MDC WKP
PENSION / PBOP

National Grid USA
ESRP

Estimated FAS 87 Expense

3/5/2008

	Actual 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
Reconciliation of Funded Status, 4/1						
Projected Benefit Obligation	\$ (63,113,583)	\$ (66,877,000)	\$ (68,630,000)	\$ (70,218,000)	\$ (71,364,000)	\$ (72,031,000)
Fair Value of Assets	0	0	0	0	0	0
Funded Status	\$ (63,113,583)	\$ (66,877,000)	\$ (68,630,000)	\$ (70,218,000)	\$ (71,364,000)	\$ (72,031,000)
Unrecognized:						
• Net Transition Obligation or (Asset)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
• Prior Service Cost	(829,745)	(552,000)	(432,000)	(312,000)	(192,000)	(72,000)
• Net (Gain) or Loss	17,238,485	14,944,000	15,086,000	15,046,000	14,573,000	13,710,000
(Accrued) / Prepaid Pension Cost	\$ (46,704,843)	\$ (52,485,000)	\$ (53,976,000)	\$ (55,484,000)	\$ (56,983,000)	\$ (58,393,000)
Net Periodic Pension Cost						
Service Cost	\$ 753,204	\$ 791,000	\$ 831,000	\$ 873,000	\$ 917,000	\$ 963,000
Interest Cost	3,899,726	3,892,000	3,993,000	4,085,000	4,150,000	4,186,000
Expected Return on Assets	0	0	0	0	0	0
Amortization of:						
• Net Transition Obligation or (Asset)	0	0	0	0	0	0
• Prior Service Cost	(131,677)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
• Net (Gain) or Loss	987,253	958,000	954,000	931,000	863,000	755,000
FAS 87 Pension Expense	\$ 5,508,506	\$ 5,521,000	\$ 5,658,000	\$ 5,769,000	\$ 5,810,000	\$ 5,784,000
FAS 88 Pension Expense/(Income)	\$ 1,713,625	\$ 1,100,000	\$ 914,000	\$ 458,000	\$ 0	\$ 0
Regulatory Expense	\$ 774,770	\$ 775,000	\$ 743,000	\$ 641,000	\$ 425,000	\$ 425,000
Total Pension Expense	\$ 7,996,901	\$ 7,396,000	\$ 7,315,000	\$ 6,868,000	\$ 6,235,000	\$ 6,209,000
Expected Benefit Payments						
Expected Contributions	\$ 3,914,000	\$ 4,030,000	\$ 4,150,000	\$ 4,270,000	\$ 4,400,000	\$ 4,530,000
Market Related Value of Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Assumptions:						
Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	n/a	n/a	n/a	n/a	n/a	n/a
Salary Scale	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality Table	RP2000CH	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15

MDL WKP
PENSION / PBO

National Grid USA
 ESRP
 Estimated FAS 87 Expense A Rec Expense Allocated TO NGUSCO

MDC WKP
 PENSION/PROF

* NOTE ASSUMED 100% OF VERO COSTS

	Actual 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
Net Periodic Pension Cost						
National Grid Plans						
Granite State	\$ 14,912	\$ 15,326	\$ 15,539	\$ 13,817	\$ 11,499	\$ 11,341
Mass Electric	\$ 72,698	\$ 73,965	\$ 75,204	\$ 76,085	\$ 64,754	\$ 63,834
Nantucket Electric	\$ 37,616	\$ 38,643	\$ 39,288	\$ 39,135	\$ 32,526	\$ 32,048
Narragansett Electric	\$ 90,861	\$ 93,052	\$ 94,785	\$ 96,092	\$ 92,948	\$ 92,078
NE Gas	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
NE Power	\$ 343,023	\$ 374,509	\$ 382,162	\$ 387,913	\$ 381,603	\$ 377,637
NGUSCO	\$ 7,437,791	\$ 6,800,505	\$ 6,708,023	\$ 6,254,957	\$ 5,651,670	\$ 5,632,062
Directors	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Expense/(Income)	\$ 7,996,901	\$ 7,396,000	\$ 7,315,000	\$ 6,868,000	\$ 6,235,000	\$ 6,209,000

Assumptions:	RP2000CH	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15
Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	n/a	n/a	n/a	n/a	n/a	n/a
Salary Scale	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality Table	RP2000CH	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15

6,800,505 6,708,023 6,754,957 565,1670 563,7062
 (1,100,000) (914,000) (-158,000)
 5,700,505 5,794,023 5,796,957 565,1670 563,2062

**National Grid USA
 Union Retiree Welfare Plan
 Estimated FAS 106 Expense for New England Gas**

3/21/2008

	Estimated 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
FAS 106 Expense	\$ 816,015	\$ 823,932	\$ 847,260	\$ 868,534	\$ 891,718	\$ 925,369
FAS 106 Special Termination Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FAS 106 Curtailment Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regulatory Expense	\$ 715,892	\$ 715,892	\$ 715,892	\$ 715,892	\$ 715,892	\$ 715,892
Total RW Expense	\$ 1,531,907	\$ 1,539,824	\$ 1,563,152	\$ 1,584,426	\$ 1,607,610	\$ 1,641,261

Assumptions:						
Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
Initial Trend	10.50%	9.50%	8.50%	7.50%	6.50%	5.50%
Ultimate Trend	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality Table	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH
Hewitt Associates						

*MDL WKP
 PENSION / PRC*

**National Grid USA
Final Average Pay Pension Plan
Estimated FAS 87 Expense for NGUSCO**

3/21/2008

	Estimated 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
FAS 87 Pension Expense/(Income)	\$ 14,478,023	\$ 11,575,502	\$ 10,009,455	\$ 8,192,309	\$ 8,416,583	\$ 9,205,173
FAS 88 Special Termination Benefits	\$ 15,711,000	\$ 14,501,000	\$ 12,085,000	\$ 6,043,000	\$ 0	\$ 0
FAS 88 Curtailment Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regulatory Expense/(Income)	\$ (9,350,995)	\$ (9,343,709)	\$ (9,343,709)	\$ (9,343,709)	\$ (9,343,709)	\$ (9,343,709)
Total Pension Expense/(Income)	\$ 20,838,028	\$ 16,732,793	\$ 12,750,746	\$ 4,891,600	\$ (927,126)	\$ (138,536)

Assumptions:

Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Salary Scale						
Nonunion	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Union	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Mortality Table for Union	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH
Mortality Table for Nonunion	RP2000CH	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15

Hewitt Associates

*MOL WKP
PENSION / PBP*

**National Grid USA
 Nonunion Retiree Welfare Plan
 Estimated FAS 106 Expense for NGUSCO**

3/21/2008

	Estimated 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
FAS 106 Expense	\$ 12,713,642	\$ 11,892,839	\$ 11,077,329	\$ 10,177,915	\$ 9,306,954	\$ 8,435,762
FAS 106 Special Termination Benefits	\$ 330,400	\$ 305,000	\$ 254,000	\$ 127,000	\$ 0	\$ 0
FAS 106 Curtailment Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regulatory Expense	\$ 915,435	\$ 914,785	\$ 909,181	\$ 909,181	\$ 909,181	\$ 909,181
Total RW Expense	\$ 13,959,477	\$ 13,112,624	\$ 12,240,510	\$ 11,214,096	\$ 10,216,135	\$ 9,344,943

Assumptions:

Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Initial Trend	10.50%	9.50%	8.50%	7.50%	6.50%	5.50%
Ultimate Trend	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality Table	RP2000CH	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15	RP2000CH_15

Hewitt Associates

*M DL WKP
 PENSION/PROF*

**National Grid USA
 Union Retiree Welfare Plan
 Estimated FAS 106 Expense for NGUSCO**

3/21/2008

	Estimated 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
FAS 106 Expense	\$ 1,533,251	\$ 1,509,400	\$ 1,424,577	\$ 1,336,215	\$ 1,330,656	\$ 1,384,445
FAS 106 Special Termination Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FAS 106 Curtailment Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regulatory Expense	\$ 175,221	\$ 174,016	\$ 174,016	\$ 174,016	\$ 174,016	\$ 174,016
Total RW Expense	\$ 1,708,472	\$ 1,683,416	\$ 1,598,593	\$ 1,510,231	\$ 1,504,672	\$ 1,558,461

	Estimated 4/2007-3/2008	Estimated 4/2008-3/2009	Estimated 4/2009-3/2010	Estimated 4/2010-3/2011	Estimated 4/2011-3/2012	Estimated 4/2012-3/2013
Assumptions:						
Discount Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
Initial Trend	10.50%	9.50%	8.50%	7.50%	6.50%	5.50%
Ultimate Trend	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality Table	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH	RP2000CH

Hewitt Associates

*MDC WILP
 PENSION / PBO*

**MDL Workpapers
Thrift Plan - Company Match Expense**

**National Grid - RI Gas
Thrift Plan - Company Match Expense**

Business U (All)
Bus. Unit D (All)

Sum of Actual \$		Orig Business Unit		Grand Total
Expense Type Descr	O&M / Non-O&M	Cost Type	00048	00099
B07 Thrift Plan	Balance Sheet	Capital	79	196,155
	Balance Sheet Total	Other Balance Sheet		3,753
	Expense	A&G Expenses	79	199,908
		Customer Service & Info Expenses	(9,000)	1,469,501
		Gas Expenses	(79)	880
B07 Total	Expense Total		(9,079)	1,470,380
Grand Total			(9,000)	1,661,288
			(9,000)	1,670,288

Test Year Thrift Plan - Company Match Expense Charged to O&M per above: 1,461,301

Note: Above analysis includes Service Company as Service Company pays the Company Match portion on behalf of Narragansett Gas.
Note: Credit amount originating from company 48 reflects reclass of capitalized Thrift Plan costs.

MDL Workpapers
Postage Expense

National Grid - RI Gas
Pro-forma Income Statement
Adjustment for Rate Year Postage

Rates:	5 digit		3 digit		Mixed AADC		Presort		single		Mixed AADC		single		Presort		Total
	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	
Post May 14, 2007 increase	0.312	0.334	0.334	0.360	0.373	0.410	0.437	0.459	0.485	0.580	0.543	0.608	0.630	0.630	0.543	0.608	
Pre May 14, 2007 increase	0.293	0.308	0.308	0.326	0.371	0.390	0.530	0.545	0.563	0.630	0.608	0.630	0.630	0.630	0.543	0.608	
Test Year Units:																	
Oct-2006	199,810	13,338	13,338	7,925	-	14,126	17,553	1,420	1,048	19,759	-	-	-	19,759	-	-	274,979
Nov-2006	220,647	14,329	14,329	9,258	-	15,481	-	-	-	2,147	-	-	-	2,147	-	-	261,862
Dec-2006	210,469	13,344	13,344	8,762	-	15,122	-	-	-	3,093	-	-	-	3,093	-	-	250,790
Jan-2007	227,176	13,199	13,199	10,373	-	22,500	-	-	-	3,737	-	-	-	3,737	-	-	276,985
Feb-2007	213,844	13,174	13,174	8,987	-	28,346	-	-	-	2,701	-	-	-	2,701	-	-	267,052
Mar-2007	8,350	937	937	546	-	13,943	204,392	12,850	9,117	21,109	-	-	-	21,109	-	-	271,244
Apr-2007	182,880	12,475	12,475	8,539	500	26,001	27,873	8,329	2,212	1,879	-	-	-	1,879	-	-	270,688
05/13/2007	82,912	6,990	6,990	4,113	516	12,195	2,585	597	410	3,643	-	-	-	3,643	-	-	113,961
05/14/2007	120,954	8,176	8,176	4,810	-	15,740	6,400	1,133	662	4,361	-	-	-	4,361	-	-	162,236
May-2007	203,866	15,166	15,166	8,923	516	27,935	8,985	1,730	1,072	8,004	-	-	-	8,004	-	-	276,197
Jun-2007	200,631	14,777	14,777	9,382	687	26,494	906	-	252	8,141	-	-	-	8,141	-	-	261,270
Jul-2007	222,269	14,664	14,664	9,855	776	28,684	-	-	-	6,368	-	-	-	6,368	-	-	282,716
Aug-2007	7,725	1,027	1,027	660	878	14,662	182,432	12,611	8,450	14,259	-	-	-	14,259	-	-	268,243
Sep-2007	196,802	18,583	18,583	8,673	563	24,379	1,493	153	67	6,603	-	-	-	6,603	-	-	257,316
Total Test Year Units	2,094,468	145,013	145,013	91,983	3,920	257,673	443,634	37,093	22,218	97,800	25,539	25,539	97,800	25,539	25,539	25,539	3,219,342

Test Year Expense:	5 digit		3 digit		Mixed AADC		Presort		single		Mixed AADC		single		Presort		Total
	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	1 oz	2 oz	
October	58,544	4,108	4,108	2,584	-	5,509	9,303	774	590	12,448	-	-	-	12,448	-	-	93,860
November	64,650	4,413	4,413	3,018	-	6,038	-	-	-	1,353	-	-	-	1,353	-	-	79,471
December	61,667	4,110	4,110	2,856	-	5,898	-	-	-	1,949	-	-	-	1,949	-	-	76,460
January	66,563	4,065	4,065	3,362	-	8,775	-	-	-	2,354	-	-	-	2,354	-	-	85,139
February	62,656	4,058	4,058	2,930	-	11,055	-	-	-	1,702	-	-	-	1,702	-	-	82,400
March	2,447	289	289	178	-	5,438	108,328	7,003	5,133	13,299	-	-	-	13,299	-	-	142,113
April	53,584	3,842	3,842	2,784	186	10,140	14,773	4,539	1,245	1,184	-	-	-	1,184	-	-	92,277
05/13/2007 and before	24,293	2,153	2,153	1,341	191	4,756	1,370	325	231	2,295	-	-	-	2,295	-	-	36,956
05/14/2007 and after	37,738	2,731	2,731	1,732	-	6,453	2,797	520	321	2,529	-	-	-	2,529	-	-	54,821
May	62,031	4,884	4,884	3,072	191	11,209	4,167	845	552	4,824	-	-	-	4,824	-	-	91,777
June	62,597	4,936	4,936	3,378	256	10,863	396	-	122	4,722	-	-	-	4,722	-	-	87,269
July	69,348	4,898	4,898	3,584	289	11,760	-	-	-	3,693	-	-	-	3,693	-	-	93,573
August	2,410	343	343	238	327	6,011	79,723	5,788	4,098	8,270	-	-	-	8,270	-	-	121,077
September	61,402	6,207	6,207	3,122	210	9,995	652	70	32	3,830	-	-	-	3,830	-	-	85,522
Test Year Expense	627,899	46,152	46,152	31,125	1,460	102,692	217,342	19,021	11,773	59,627	13,868	13,868	59,627	13,868	13,868	13,868	1,130,957

Test Year Units from Document Technologies.

Net by Value Major Location (Eng In Service Yr) Month Ending : Sep-2007

National Grid
 48- THE NARRAGANSETT GAS COMPANY

Business Segment
 Major Location

Allocated Reserve

Vintage

Net Value

Gas - Distribution
 D3-Dorrance St.

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 LAND

Vintage	Accum Cost	Allocated Reserve	Net Value
1986	\$3,997,036.41	\$2,349,618.00	\$1,647,418.41
1988	\$67,823.80	\$36,035.14	\$31,788.66
1993	\$13,378.65	\$4,959.75	\$8,418.90
1997	\$11,434.92	\$2,803.36	\$8,631.56
2007	\$112,139.18	\$759.47	\$111,379.71
Major Location Total:	\$4,201,812.96	\$2,394,175.72	\$1,807,637.24

Providence - Gas Distribution Speci

Vintage	Accum Cost	Allocated Reserve	Net Value
2004	\$58,788.77	\$3,706.09	\$55,082.68
2005	\$109,217.96	\$4,620.80	\$104,597.16
Major Location Total:	\$168,006.73	\$8,326.89	\$159,679.84

W1-Building @ 100 Weybosset St.

Vintage	Accum Cost	Allocated Reserve	Net Value
1929	\$243,327.92	\$243,247.15	\$80.77
1934	\$948.00	\$947.39	\$0.61
1935	\$2,908.00	\$2,905.85	\$2.15
1949	\$15,601.64	\$15,526.71	\$74.93
1950	\$2,538.83	\$2,524.84	\$13.99
1951	\$32,149.76	\$31,946.48	\$203.28
1952	\$9,111.31	\$9,045.16	\$66.15
1953	\$1,440.46	\$1,428.45	\$12.01
1954	\$3,889.69	\$3,852.43	\$37.26
1956	\$280.50	\$276.95	\$3.55
1957	\$454.36	\$447.75	\$6.61
1961	\$3,595.20	\$3,504.11	\$91.09
1963	\$52,426.90	\$50,681.04	\$1,745.86
1965	\$4,842.83	\$4,631.85	\$210.98

1966	\$4,471.89	\$4,249.55	\$222.34
1967	\$1,216.70	\$1,147.77	\$68.93
1968	\$8,144.08	\$7,619.30	\$524.78
1969	\$1,254.26	\$1,162.52	\$91.74
1971	\$388.24	\$351.90	\$36.34
1972	\$918.75	\$821.82	\$96.93
1973	\$2,045.94	\$1,803.31	\$242.63
1975	\$72,894.86	\$62,062.85	\$10,832.01
1979	\$7,486.72	\$5,803.13	\$1,683.59
1980	\$1,597.50	\$1,202.34	\$395.16
1981	\$31,178.02	\$22,724.09	\$8,453.93
1983	\$15,927.13	\$10,790.78	\$5,136.35
1984	\$16,912.55	\$10,995.72	\$5,916.83
1985	\$3,178.07	\$1,976.00	\$1,202.07
1986	\$375,319.44	\$222,346.01	\$152,973.43
1987	\$20,750.62	\$11,666.52	\$9,084.10
1988	\$3,132,466.91	\$1,664,295.93	\$1,468,170.98
1989	\$91,207.29	\$45,581.61	\$45,625.68
1990	\$30,832.97	\$14,423.48	\$16,409.49
1991	\$6,931.58	\$3,018.81	\$3,912.77
1992	\$124,426.79	\$50,156.09	\$74,270.70
1993	\$60,415.07	\$22,397.13	\$38,017.94
1994	\$153,504.36	\$51,971.65	\$101,532.71
1995	\$77,747.90	\$23,853.75	\$53,894.15
1996	\$76,509.56	\$21,087.90	\$55,421.66
1997	\$9,327.49	\$2,286.71	\$7,040.78
1998	\$10,909.00	\$2,351.72	\$8,557.28
1999	\$2,950.48	\$551.83	\$2,398.65
2000	\$37,382.11	\$5,967.25	\$31,414.86
2001	\$222,201.03	\$29,653.46	\$192,547.57
2002	\$7,147.08	\$776.28	\$6,370.80
2004	\$355,965.47	\$22,440.32	\$333,525.15
2005	\$49,031.86	\$2,074.44	\$46,957.42
2006	\$670,524.69	\$15,306.13	\$655,218.56
Major Location Total:	\$6,056,681.81	\$2,715,884.23	\$3,340,797.58
W9-Land @ 100 Weybosset St.			
1937	\$210,040.00	\$0.00	\$210,040.00
1963	\$1,141.58	\$0.00	\$1,141.58
1966	\$4,809.79	\$0.00	\$4,809.79
Major Location Total:	\$215,991.37	\$0.00	\$215,991.37

Business Segment Total:	\$10,642,492.87	\$5,118,386.84	\$5,524,106.03
Company Total:	\$10,642,492.87	\$5,118,386.84	\$5,524,106.03
Grand Total for Selected Assets:	\$10,642,492.87	\$5,118,386.84	\$5,524,106.03
Asset - 1126			01/23/2008 11:07:59

Page 1 of 1

SEE P6 FILE	<u>19,336.61</u>	<u>1,086.75</u>	<u>18,249.86</u>
	<u>10,661,830</u>	<u>5,119,474</u>	<u>5,542,356</u>

LAND 30,888

215,991

246,879

DEPRECIABLE

10,414,951

Net by Value Major Location (Eng In Service Yr) Month Ending : Sep-2007

National Grid
 48- THE NARRAGANSETT GAS COMPANY

Business Segment
 Major Location

	Vintage	Accum Cost	Allocated Reserve	Net Value
Gas - Distribution				
Providence - Gas Distribution Speci				
	2005	\$15,942.25	\$547.42	\$15,394.83
	Major Location Total:	\$15,942.25	\$547.42	\$15,394.83
W1-Building @ 100 Weybosset St.				
	2000	\$3,394.36	\$539.33	\$2,855.03
	Major Location Total:	\$3,394.36	\$539.33	\$2,855.03
	Business Segment Total:	\$19,336.61	\$1,086.75	\$18,249.86
	Company Total:	\$19,336.61	\$1,086.75	\$18,249.86
	Grand Total for Selected Assets:	\$19,336.61	\$1,086.75	\$18,249.86

**MDL-Workpaper
Providence Office Sale**

Query on / WO # 9000061528 / Project # X06466 (Weybosset St.) / Facilities Department

	FERC Act	Description	Non-Payroll		Non-Payroll
			Affiliate	Narr Gas	Sum:
A&G Expenses	920000	A&G-Salaries			
A&G Expenses	921000	A&G-Office Supplies	\$23,927	\$197,315	\$221,241
A&G Expenses	931000	A&G-Rents		\$2,772	\$2,772
		Sum:	\$23,927	\$200,086	\$224,013

National Grid
Adjustments to Cost of Service Study for LNG
LNG O&M Cost Allocation

FERC Account	Description	Actual Amount	% Increase	06/01/08-05/31/09	% Increase	Rate Year	Base Rate Amount 16.8%	GCR Amount 83.2%
	O&M Expenses - Labor							
844	Maintenance Structures	\$452,906	103.00%	466,493	103% * 33%	471,158	\$79,154	\$392,003
845	Tanks - Labor	\$0					\$0	\$0
847	Maintenance Bldg & Equip	\$72,851	103.00%	75,037	103% * 33%	75,787	\$12,732	\$63,055
	Subtotal Labor	\$525,757		\$541,530		\$546,944	\$91,887	\$455,058
	O&M Expenses - Non-Labor							
844	Maintenance Structures	\$19,214	104.77%			\$20,131	\$3,382	\$16,749
845	Tanks - Labor	\$85,415	104.77%			\$89,489	\$15,034	\$74,455
847	Maintenance Bldg & Equip	\$340,463	104.77%			\$356,703	\$59,926	\$296,777
	Subtotal Non-Labor	\$445,092				\$466,323	\$78,342	\$387,981
	Total O&M Expenses	\$970,849				\$1,013,267	\$163,103	\$843,038

Source: BEA U.S. Bureau of Labor Statistics: Consumer Price Index (CPI)
 Databank: USFOR.db USFOR.db
 Native Frequ: QUARTERLY QUARTERLY

MDL Workpaper
 Inflation

Geography: United States United States
 GeoCode: US US
 Begin Date: 03/31/1947 03/31/1947
 Last Updated: 11/07/2007 11/07/2007
 Historical Ent: 09/30/07 09/30/07

				12-mos Ending Sep-07	12-mos Ending Sep-09	Percent Change	Weight	Combined	
	<u>GDP</u>	<u>CPI</u>	<u>4 Quarter Avg.</u>						
2005Q1	111.75	192.13	GDP Deflator	118.9	124.0	4.25%	50.00%	2.13%	
2005Q2	112.46	193.97	CPI	205.3	216.2	5.29%	50.00%	2.65%	4.78%
2005Q3	113.42	196.63							
2005Q4	114.40	198.30							
2006Q1	115.36	199.23							
2006Q2	116.35	201.70							
2006Q3	117.03	203.23							
2006Q4	117.53	202.17							
2007Q1	118.75	204.07							
2007Q2	119.53	207.06							
2007Q3	119.84	208.02							
2007Q4	120.60	210.21							
2008Q1	121.21	211.43							
2008Q2	121.82	212.52							
2008Q3	122.53	213.40		12-mos Ending Sep-09	12-mos Ending Sep-10	Percent Change	Weight	Combined	
2008Q4	123.12	214.60							
2009Q1	123.79	215.67							
2009Q2	124.47	216.69							
2009Q3	124.48	217.79	<u>4 Quarter Avg.</u>						
2009Q4	125.59	219.21	GDP Deflator	124.0	126.5	2.07%	50.00%	1.04%	
2010Q1	126.17	220.31	CPI	216.2	220.6	2.03%	50.00%	1.02%	2.06%
2010Q2	126.87	221.00							
2010Q3	127.50	221.79							
2010Q4	128.06	222.72							
2011Q1	128.67	223.82							
2011Q2	129.19	224.97		12-mos Ending Sep-10	12-mos Ending Sep-11	Percent Change	Weight	Combined	
2011Q3	129.73	226.14							
2011Q4	130.27	227.36							
2012Q1	130.85	228.60							
2012Q2	131.42	229.88	<u>4 Quarter Avg.</u>						
2012Q3	132.02	231.14	GDP Deflator	126.5	128.9	1.88%	50.00%	0.94%	
2012Q4	132.63	232.41	CPI	220.6	224.4	1.74%	50.00%	0.87%	1.81%

MDL-Workpaper
Net Synergies NG Test vs. NEGAS SU 2006 ESM

2006 ESM NEGAS Southern Union

Test Year

Account	Description	2006				2005				Sum Net:
		Non-Payroll	CTA Non-Payroll	Payroll	Net Non-Payroll	Non-Payroll	CTA Non-Payroll	Payroll	Net Non-Payroll	
580000	Dist Oper-Electric Meters	\$241	\$0	\$241	\$0	\$0	\$0	\$0	\$241	\$0
593000	Dist Maint-Overhead Lines	3,017	0	3,017	0	0	0	0	3,017	0
	Sum:	3,258	0	3,258	0	0	0	0	3,258	0
177000	Liquefied Petroleum Gas Exp	176,640	1,776	178,416	0	1,776	0	178,416	0	47,983
729000	Fuel Liquefied Petro Gas Proc	6,079	0	6,079	0	0	0	6,079	0	0
741000	Maint Structures&Improvements	54,160	3,057	57,217	0	3,057	0	57,217	0	1,543
742000	Maint of Production Equipment	10,771	981	11,752	0	981	0	11,752	0	59
760000	Rents	2,334	234	2,568	0	234	0	2,568	0	0
840000	Operation Supy & Eng	52,743	260,775	313,517	0	260,775	0	313,517	0	138
842000	Operation Storage	0	0	0	0	0	0	0	0	0
844200	LNG Proc Terminal Labor & Exp	19,214	452,906	472,120	0	452,906	0	472,120	0	4,045
845100	LNG Term & Process Exp-Fuel	26,005	0	26,005	0	0	0	26,005	0	17,793
845200	LNG Term & Process Exp-Power	23,341	0	23,341	0	0	0	23,341	0	0
845300	LNG Term & Process Exp-Rents	36,059	0	36,059	0	0	0	36,059	0	0
847200	Maint of LNG plant buildings	112,052	0	112,052	0	0	0	112,052	0	0
847300	Maint LNG Proc Terminal Equip	168,976	730	169,706	0	730	0	169,706	0	1,739
847500	Maint Measuring & Reg Equip	116	0	116	0	0	0	116	0	0
847800	LNG Term&Proc-Maint Oth Equip	59,318	72,121	131,439	0	72,121	0	131,439	0	94,568
870000	Gas Oper-Dist-Mains & Services	568,009	553,475	1,121,484	0	553,475	0	1,121,484	0	522,004
871000	Gas Oper-Dist-Load Dispatching	99,701	896,411	996,112	0	896,411	0	996,112	0	818,791
872000	Compressor Station Labor & Exp	0	0	0	0	0	0	0	0	3,761
875000	Compressor Station Fuel&Power	120,971	0	120,971	0	0	0	120,971	0	112,131
874000	Gas Oper-Dist-Mains & Services	325,450	1,068,189	1,393,639	0	1,068,189	0	1,393,639	0	893,062
875000	Gas Oper-Station Exp-General	67,764	581,884	649,648	0	581,884	0	649,648	0	20,333
876000	Gas Oper-Stat Exp-Industrial	23,108	197,841	220,949	0	197,841	0	220,949	0	75,444
877000	Gas Oper-Stat Exp-City Gas Chk SI	0	0	0	0	0	0	0	0	0
878000	Gas Oper-Residential Meter Exp	681,986	2,180,141	2,862,127	0	2,180,141	0	2,862,127	0	38,847
879000	Gas Oper-Customer Installation	3,334	34,172	37,506	0	34,172	0	37,506	0	460,198
880000	Gas Maint-Supervision & Eng	335,258	2,198,272	2,533,530	0	2,198,272	0	2,533,530	0	151,087
885000	Gas Maint-Structures & Improv	207,765	491,815	699,580	0	491,815	0	699,580	0	989,914
888000	Gas Maint-Mains	4,242,277	6,394,706	10,636,983	0	6,394,706	0	10,636,983	0	1,235,149
889000	Gas Maint-Station Exp-General	121,020	144,615	265,635	0	144,615	0	265,635	0	1,593,067
890000	Gas Maint-Stat Exp-Industrial	5,886	5,886	11,772	0	5,886	0	11,772	0	25
891000	Gas Maint-Stat Exp-City Gate	58,104	198,950	257,054	0	198,950	0	257,054	0	27,620
892000	Gas Maint-Services	925,579	1,956,527	2,882,106	0	1,956,527	0	2,882,106	0	1,118
893000	Gas Maint-Residential MeterExp	423,532	1,587,353	2,010,885	0	1,587,353	0	2,010,885	0	20
894000	Maintenance of Other Equipment	41,498	30,790	72,288	0	30,790	0	72,288	0	20
	Sum:	9,004,437	19,276,720	28,281,147	0	19,276,720	0	28,281,147	0	27,620
901000	Cust Acct-Supervision	7,859	286,228	294,087	0	286,228	0	294,087	0	0
902000	Cust Acct-Meter Reading Exp	338,288	1,516,692	1,854,971	0	1,516,692	0	1,854,971	0	295,654
903000	Cust Records & Collection	3,987,615	4,599,101	8,586,716	0	4,599,101	0	8,586,716	0	1,122,966
904000	Uncollectible Accounts	9,004,641	0	9,004,641	0	0	0	9,004,641	0	4,611,113
905000	Cust Acct-Misc Expenses	74,072	166,733	240,805	0	166,733	0	240,805	0	4,611,113
907000	Cust Service-Supervision	51,159	409,189	460,348	0	409,189	0	460,348	0	11,501,703
908000	Cust Assistance Expenses	72,356	892,600	964,956	0	892,600	0	964,956	0	176
909000	Info&Instrct Advertising Exp	94,221	0	94,221	0	0	0	94,221	0	0
910000	Cust Service-Misc Expenses	24,375	51,258	75,633	0	51,258	0	75,633	0	0
916000	Sales-Misc Expenses	42,403	28,640	71,043	0	28,640	0	71,043	0	0
	Sum:	13,876,933	7,950,641	21,827,574	0	7,950,641	0	21,827,574	0	0
920000	A&G-Salaries	61,897	5,671,112	5,733,009	0	5,671,112	0	5,733,009	0	0
921000	A&G-Office Supplies	5,647,353	7,646,889	13,294,242	0	7,646,889	0	13,294,242	0	0
922000	Admin Expenses Transferred-OR	10	0	10	0	0	0	10	0	10,024,421
923000	A&G-Outside Services Employed	2,488,432	431,054	2,919,486	0	431,054	0	2,919,486	0	1,122,966
924000	Property Insurance	12,716	0	12,716	0	0	0	12,716	0	4,611,113
925000	Injuries & Damages Insurance	1,623,630	359,957	1,983,587	0	359,957	0	1,983,587	0	165,212
926000	Employee Pensions & Benefits	20,277,877	16,024,043	36,301,920	0	16,024,043	0	36,301,920	0	2,336,771
928000	Regulatory Contri Expenses	1,417,602	126,707	1,544,309	0	126,707	0	1,544,309	0	0
930200	A&G-Misc Expenses	2,123,302	299,953	2,423,255	0	299,953	0	2,423,255	0	0
930210	A&G-Research & Development	15,408	2,149	17,557	0	2,149	0	17,557	0	577
931000	A&G-Rents	1,682,438	565	1,683,003	0	565	0	1,683,003	0	0
931005	Alphans Rent Expense-Elim	12,789	9,784	22,573	0	9,784	0	22,573	0	0
935000	A&G Maint-General Plant/Elec	88,179	6,986,540	7,074,719	0	6,986,540	0	7,074,719	0	0
	Sum:	35,451,642	2,665,937	38,117,579	0	2,665,937	0	38,117,579	0	0
	Sum:	\$58,136,320	\$2,665,937	\$60,802,257	\$0	\$2,665,937	\$0	\$60,802,257	\$0	\$60,802,257

MDL Workpaper
National Grid/Southern Union net Synergies

IT Systems Retained By SU - In service 1/1/2005

	<u>Orig Cost</u>	<u>Ann'l Amort (7 Yrs)</u>
Oracle	2,621,672	374,525
PowerPlant	316,450	45,207
	<u>2,938,122</u>	<u>419,732</u>
1/1/05 - 8/31/06	20/80	
Accum amort	<u>734,531</u>	
NBV 9/1/06	2,203,592	

Capital Structure per 2006 ESM Filing

	Weight	Cost	Weighted	Taxes	Total
Short-term Debt	8.8%	4.73%	0.42%		0.42%
Long-Term Debt	45.7%	7.81%	3.57%		3.57%
Preferred Stock	1.9%	9.93%	0.19%	0.10%	0.29%
Common Equity	43.6%	11.25%	4.91%	2.64%	7.55%
	<u>100.0%</u>		<u>9.08%</u>		<u>11.82%</u>

MDL-Workpaper
Facility costs charged to Act 886 by SU, 921 by NG

Sum of Debit / (Credit) Summ exp Type	Funct Dept		Grand Total
	Facilities	Security	
Materials	49,580	223	49,802
Misc	1,069		1,069
Outside Services	225,021	929,184	1,154,205
Rents	290		290
Grand Total	275,960	929,406	1,205,366

**MDL Workpaper
Retirements/Net C.O.R.**

Narragansett Gas Co.
Additions, Retirements, Cost of Removal & Salvage
For the Twelve Months Ending June 30,

Source: FERC Form II Pages 208 & 219

	2003	2004	2005	2006	2007	Average
Retirements	448,965	8,418,954	1,985,894	10,447,602	2,800,989	4,820,481
Cost of Removal	530,341	812,036	980,353	1,416,344	6,573,816	2,062,578
Salvage	(577,700)	(707,321)	(2,544)	0	0	<u>(257,513)</u>
Net Cost of Removal						1,805,065

Calculation Of Composite Tax Depreciation Rates for Twelve Months Ended 9/30/08 and 9/30/09:

Depreciable Plant in Service per Depr Exp Tab	538,792,723	adjusted for Property sale
Accumulated Depreciation Per Depr Exp Tab	268,256,712	adjusted for Property sale
Net Depreciable Book Plant @ 9/30/07	270,536,011	
Depreciable Tax Plant @ 3/31/07	284,461,471	Per Power Tax System
Tax Depreciation Reserve @ 3/31/07	14,227,978	Per Power Tax System
Existing Net Depreciable Plant @ 3/31/07	270,233,493	
Projected Tax Depreciation 3/31/07 - 9/30/07	13,362,473	
Adjusted Net Tax Basis to 9/30/07	256,871,021	
Book / Tax Difference @ 9/30/07 (line 3 - line 9)	13,664,991	
Less: Book / Tax Timer @ 9/30/07	10,000	
Assumed Net Additions through 9/30/07	3,500	

Composite Tax Depreciation Rate Twelve Months Ended 9/30/08:

	Depreciable Tax Basis	Tax Depr Comp Rate	Weighted Rate
Existing Plant @ 3/31/07	\$284,461,471		
Plant Retirements 12 Mos End 9/30/08	4,820,481	8.99%	7.84%
Net Existing Plant	279,640,990		
3/31/07 - 9/30/07 Additions	13,654,991	9.50%	0.40%
Depreciable Plant Additions 10/1/07 - 12/31/07	9,169,814	5.00%	0.14%
Depreciable Plant Additions 1/1/08 - 9/30/08	27,509,441	52.50%	4.50%
Composite Tax Depreciation Rate Twelve Months Ended 9/30/08	\$320,805,422		12.89%

Composite Tax Depreciation Rate Twelve Months Ended 9/30/09:

	Depreciable Tax Basis	Tax Depr Comp Rate	Weighted Rate
Existing Plant @ 3/31/07	\$270,233,493		
Plant Retirements 12 Months Ended 9/30/08	4,820,481		
Plant Retirements 12 Months Ended 9/30/09	4,820,481		
Providence, Rhode Island Office Retirement	5,562,934		
Net Existing Plant	255,029,597	7.72%	5.38%
3/31/07 - 9/30/07 Additions	13,654,991	8.55%	0.32%
Depreciable Plant Additions 10/1/07 - 12/31/07	9,169,814	9.50%	0.24%
Depreciable Plant Additions 1/1/08 - 9/30/08	27,509,441	4.75%	0.36%
Depreciable Plant Additions 10/1/08 - 12/31/08	15,195,175	52.50%	2.18%
Depreciable Plant Additions 1/1/09 - 9/30/09	45,585,525	5.00%	0.62%
Composite Tax Depreciation Rate Twelve Months Ended 9/30/09	\$366,144,543		9.09%

Info per Power Tax System

	Depreciable Tax Basis	FY Annual Tax Depr	Tax Depr Comp Rate	Period Ending	Tax Depr Oct - Sep	Tax Depr Comp Rate
Tax Year FY 2007	284,461,471	26,724,945	9.39%	09/30/2008	25,575,403	8.99%
Tax Year FY 2008	284,461,471	24,425,861	8.59%	09/30/2009	21,969,523	7.72%
Tax Year FY 2009	284,461,471	19,513,185	6.86%	09/30/2010	17,515,213	6.28%
Tax Year FY 2010	278,975,490	15,517,240	5.56%	09/30/2011	14,860,866	5.55%
	267,555,623	14,204,492	5.31%	09/30/2012	13,601,040	5.12%
	265,522,314	12,997,587	4.90%			

Providence Office Net tax Basis

Depreciable Balance @ 9/30/07	10,414,951
Depr reserve @ 9/30/07	(5,119,474)
Book Depr 8/24/06 - 9/30/07	267,457
Tax basis at 8/24/06	5,562,934
	2.33%

MACRS Tax Depreciation rates

Year	Normal	50% Bonus
1	5.00%	52.50%
2	9.50%	4.75%
3	8.55%	4.28%
4	7.70%	3.85%
5	6.93%	3.47%
6	6.23%	3.12%
7	5.90%	2.95%
8	5.90%	2.95%
9	5.91%	2.96%
10	5.90%	2.95%
11	5.91%	2.96%
12	5.90%	2.95%
13	5.91%	2.96%
14	5.90%	2.95%
15	5.91%	2.96%
16	2.95%	1.48%
	100.00%	100.00%

**MDL Workpaper
Hold Harmless Adjustment**

Schedule DJE-2
Revised

**NATIONAL GRID
MERGER ADJUSTMENT TO ADIT
(\$000)**

<u>As of 31-Dec</u>	<u>Southern Union ADIT</u>	<u>National Grid ADIT</u>	<u>Difference</u>	<u>Southern Union ADITC</u>	<u>ADIT Merger Adjustment</u>
2006	34,845	214	34,631	1,133	35,764
2007	33,908	1,238	32,670	928	33,598
2008	32,170	2,073	30,097	724	30,821
2009	30,086	1,859	28,227	519	28,746
2010	29,473	2,238	27,235	315	27,549
2011	29,632	3,184	26,448	110	26,558
2012	29,583	3,760	25,823		25,823
2013	29,515	4,286	25,229		25,229
2014	29,199	4,628	24,572		24,572
2015	29,095	5,530	23,566		23,566
2016	28,823	6,531	22,292		22,292
2017	28,342	7,568	20,774		20,774
2018	27,627	8,606	19,020		19,020
2019	26,847	9,842	17,005		17,005
2020	25,922	11,305	14,617		14,617
2021	24,732	12,797	11,934		11,934
2022	23,374	14,311	9,064		9,064

**MDL Workpaper
Uncollectible Adjustment**

Narragansett Gas Company
Net Charge-offs as a Percentage of Related Revenues
For the Twelve Months Ended September 30,

	YEAR	12 mos End Actual Net CHARGE-OFFS	Mar 08 Req'd Adjust	12 mos End Adjusted CHARGE-OFFS
1	2003	6,633,203	90,618	6,723,821
2	2004	11,997,693	40,967	12,038,660
3	2005	4,609,093	98,259	4,707,352
4	2006	10,145,673	728,975	10,874,648
5	2007	9,125,401	5,400,731	14,526,132
6				
7		<u>42,511,063</u>	<u>6,359,549</u>	<u>48,870,612</u>

National Grid - RI Gas
Total Operation and Maintenance (O&M) Expense Summary
For the Twelve months ended September 30, 2007

<u>Line No.</u>	<u>Cost Category</u> (a)	<u>Amount</u> (b)	<u>Lead Days</u> (c)	<u>Weighted Lead Days</u> (d)	<u>O&M % Total</u>	<u>CWC %</u>	<u>Weighted CWC %</u>
1	Payroll-Weekly	\$20,923,668	6.58	\$137,677,735	27.76%	15.44%	4.29%
2	Payroll-Monthly	7,599,790	9.84	74,781,934	10.08%	16.34%	1.65%
3	Service Company Billing	19,455,804	21.40	416,354,206	25.82%	7.79%	2.01%
4	Other O&M	<u>27,384,232</u>	<u>27.00</u>	<u>739,374,264</u>	36.34%	6.24%	2.27%
5	Total	<u>\$75,363,494</u>	<u>16.33</u>	<u>\$1,230,510,403</u>	100.00%		10.21%

MDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Period Begin	Period End					
1	00048	ALBERTA NORTHEAST GAS LIMITED	09/01/2006	09/30/2006	09/30/2006	10/26/2006	26.00	\$188,605	\$4,903,723
2	00048	BP ENERGY COMPANY	09/01/2006	09/30/2006	09/30/2006	10/26/2006	26.00	\$3,275,693	\$85,168,005
3	00048	CONOCO PHILLIPS CO	09/01/2006	09/30/2006	09/30/2006	10/26/2006	26.00	\$8,044,181	\$209,148,712
4	00048	CONOCO PHILLIPS CO	09/01/2006	09/30/2006	09/30/2006	10/26/2006	26.00	\$325,728	\$8,468,928
5	00048	DISTRIGAS OF MASSACHUSETTS LLC	09/01/2006	09/30/2006	09/30/2006	10/16/2006	16.00	\$596,802	\$9,548,829
6	00048	DOMINION TRANSMISSION INC	09/01/2006	09/30/2006	09/30/2006	10/17/2006	17.00	\$2,375	\$40,378
7	00048	KEYSPAN LNG GP LLC	09/01/2006	09/30/2006	09/30/2006	10/23/2006	23.00	\$157,500	\$3,622,500
8	00048	L P TRANSPORTATION INC	09/05/2006	09/15/2006	09/15/2006	10/09/2006	24.00	\$2,912	\$69,881
9	00048	L P TRANSPORTATION INC	09/19/2006	09/22/2006	09/22/2006	10/09/2006	17.00	\$10,941	\$186,001
10	00048	L P TRANSPORTATION INC	09/25/2006	09/25/2006	09/25/2006	10/20/2006	25.00	\$2,600	\$65,006
11	00048	NOBLE ENERGY MARKETING INC - GAS	09/01/2006	09/30/2006	09/30/2006	10/23/2006	23.00	\$989,730	\$22,763,790
12	00048	TENNESSEE GAS PIPELINE COMPANY	09/01/2006	09/30/2006	09/30/2006	10/24/2006	24.00	\$62	\$1,499
13	00048	TRANSAS INC	10/10/2006	10/13/2006	10/13/2006	10/27/2006	14.00	\$11,462	\$160,467
14	00048	YANKEE GAS SERVICES CO	09/01/2006	09/30/2006	09/30/2006	10/20/2006	20.00	\$63,369	\$1,267,383
15	00048	ALBERTA NORTHEAST GAS LIMITED	10/01/2006	10/31/2006	10/31/2006	11/28/2006	28.00	\$134,751	\$3,773,016
16	00048	ANADARKO TRADING COMPANY	10/01/2006	10/31/2006	10/31/2006	11/20/2006	20.00	\$310,339	\$6,206,780
17	00048	BP ENERGY COMPANY	10/01/2006	10/31/2006	10/31/2006	11/29/2006	29.00	\$3,139,600	\$91,048,405
18	00048	CONOCO PHILLIPS CO	10/01/2006	10/31/2006	10/31/2006	11/21/2006	21.00	\$2,400,000	\$50,400,000
19	00048	CONOCO PHILLIPS CO	10/01/2006	10/31/2006	10/31/2006	11/28/2006	28.00	\$6,801,912	\$190,453,533
20	00048	CONOCO PHILLIPS CO	10/01/2006	10/31/2006	10/31/2006	11/29/2006	29.00	\$139,901	\$4,057,123
21	00048	CONOCO PHILLIPS CO	10/01/2006	10/31/2006	10/31/2006	11/29/2006	29.00	\$4,289,100	\$124,383,905
22	00048	DISTRIGAS OF MASSACHUSETTS LLC	10/01/2006	10/31/2006	10/31/2006	11/14/2006	14.00	\$613,765	\$8,592,705
23	00048	DISTRIGAS OF MASSACHUSETTS LLC	10/01/2006	10/31/2006	10/31/2006	11/15/2006	15.00	\$4,592	\$68,875
24	00048	KEYSPAN LNG GP LLC	10/01/2006	10/31/2006	10/31/2006	11/21/2006	21.00	\$157,500	\$3,307,500
25	00048	L P TRANSPORTATION INC	10/20/2006	10/20/2006	10/20/2006	11/07/2006	18.00	\$792	\$14,260
26	00048	L P TRANSPORTATION INC	09/11/2006	09/14/2006	09/14/2006	11/15/2006	62.00	\$5,172	\$320,634
27	00048	NOBLE ENERGY MARKETING INC - GAS	10/01/2006	10/31/2006	10/31/2006	11/21/2006	21.00	\$1,261,263	\$26,486,526
28	00048	TRANSAS INC	10/16/2006	10/16/2006	10/16/2006	11/09/2006	24.00	\$2,882	\$69,173
29	00048	TRANSAS INC	10/31/2006	10/31/2006	10/31/2006	11/20/2006	20.00	\$1,972	\$39,432
30	00048	YANKEE GAS SERVICES CO	10/01/2006	10/31/2006	10/31/2006	11/30/2006	30.00	\$63,387	\$1,901,596
31	00048	ALBERTA NORTHEAST GAS LIMITED	11/01/2006	11/30/2006	11/30/2006	12/27/2006	27.00	\$313,834	\$8,473,517

MDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Period Begin	Period End					
32	00048	ALGONQUIN GAS TRANSMISSION LLC	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$51,185	\$1,433,191
33	00048	ANADARKO TRADING COMPANY	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$1,927,308	\$53,964,624
34	00048	BP ENERGY COMPANY	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$6,188	\$173,250
35	00048	BP ENERGY COMPANY	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$3,097,712	\$86,735,943
36	00048	CARGILL POWER & GAS MARKETS	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$932,400	\$26,107,200
37	00048	CONOCO PHILLIPS CO	11/01/2006	11/30/2006	11/30/2006	12/21/2006	21.00	\$2,400,000	\$50,400,000
38	00048	CONOCO PHILLIPS CO	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$4,358,746	\$122,044,894
39	00048	CONOCO PHILLIPS CO	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$888,342	\$24,873,568
40	00048	DISTRIGAS OF MASSACHUSETTS LLC	11/01/2006	11/30/2006	11/30/2006	12/14/2006	14.00	\$864,757	\$12,106,592
41	00048	DOMINION/VIRGINIA POWER	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$1,304,040	\$36,513,120
42	00048	HESS CORPORATION	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$1,194,610	\$33,449,080
43	00048	KEYSPAN LNG GP LLC	11/01/2006	11/30/2006	11/30/2006	12/21/2006	21.00	\$157,500	\$3,307,500
44	00048	L P TRANSPORTATION INC	10/25/2006	10/25/2006	10/25/2006	12/07/2006	43.00	\$791	\$34,022
45	00048	L P TRANSPORTATION INC	10/23/2006	10/27/2006	10/27/2006	12/07/2006	41.00	\$4,668	\$191,382
46	00048	L P TRANSPORTATION INC	10/23/2006	10/25/2006	10/25/2006	12/07/2006	43.00	\$2,291	\$98,515
47	00048	L P TRANSPORTATION INC	10/30/2006	10/30/2006	10/30/2006	12/07/2006	38.00	\$2,336	\$88,785
48	00048	L P TRANSPORTATION INC	11/20/2006	11/20/2006	11/20/2006	12/07/2006	17.00	\$1,683	\$28,603
49	00048	L P TRANSPORTATION INC	11/21/2006	11/21/2006	11/21/2006	12/12/2006	21.00	\$2,800	\$58,798
50	00048	L P TRANSPORTATION INC	11/27/2006	11/27/2006	11/27/2006	12/12/2006	24.00	\$842	\$20,212
51	00048	L P TRANSPORTATION INC	11/27/2006	11/27/2006	11/27/2006	12/12/2006	24.00	\$1,889	\$45,333
52	00048	NOBLE ENERGY MARKETING INC - GAS	11/01/2006	11/30/2006	11/30/2006	12/22/2006	22.00	\$1,062,387	\$23,372,514
53	00048	NOBLE ENERGY MARKETING INC - GAS	11/01/2006	11/30/2006	11/30/2006	12/22/2006	22.00	\$1,468,800	\$32,313,600
54	00048	OCCIDENTAL ENERGY MARKETING INC	11/01/2006	11/30/2006	11/30/2006	12/27/2006	27.00	\$762,930	\$20,599,110
55	00048	ONEOK ENERGY SERVICES COMPANY L P	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$600,420	\$16,811,760
56	00048	ONEOK ENERGY SERVICES COMPANY L P	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$724,104	\$20,274,912
57	00048	SEQUENT ENERGY	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$637,500	\$17,850,000
58	00048	SOUTHERN UNION COMPANY	11/01/2006	11/30/2006	11/30/2006	12/22/2006	22.00	\$76,203	\$1,676,459
59	00048	TENASKA MARKETING VENTURES	11/01/2006	11/30/2006	11/30/2006	12/28/2006	28.00	\$1,670,142	\$46,763,976
60	00048	TRANSGAS INC	11/16/2006	11/16/2006	11/16/2006	12/07/2006	21.00	\$3,490	\$73,287
61	00048	TRANSGAS INC	11/21/2006	11/21/2006	11/21/2006	12/07/2006	16.00	\$2,290	\$36,646
62	00048	TRANSGAS INC	11/28/2006	11/28/2006	11/28/2006	12/21/2006	23.00	\$2,216	\$50,968

MDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Period Begin	Period End					
63	00048	TRANSGAS INC	11/14/2006	11/28/2006	12/21/2006	23.00	\$10,603	\$243,869	
64	00048	YANKEE GAS SERVICES CO	11/01/2006	11/30/2006	12/28/2006	28.00	\$63,438	\$1,776,262	
65	00048	ALBERTA NORTHEAST GAS LIMITED	12/01/2006	12/31/2006	01/26/2007	26.00	\$324,295	\$8,431,672	
66	00048	ANADARKO TRADING COMPANY	12/01/2006	12/31/2006	01/26/2007	26.00	\$2,579,473	\$67,066,293	
67	00048	BP ENERGY COMPANY	12/01/2006	12/31/2006	01/26/2007	26.00	\$3,962,236	\$103,018,144	
68	00048	CARGILL POWER & GAS MARKETS	12/01/2006	12/31/2006	01/26/2007	26.00	\$1,965,710	\$51,108,460	
69	00048	CONOCO PHILLIPS CO	12/01/2006	12/31/2006	01/22/2007	22.00	\$2,400,000	\$52,800,000	
70	00048	CONOCO PHILLIPS CO	12/01/2006	12/31/2006	01/26/2007	26.00	\$5,904,969	\$153,529,201	
71	00048	CONOCO PHILLIPS CO	12/01/2006	12/31/2006	01/26/2007	26.00	\$2,810,027	\$73,060,689	
72	00048	CONOCO PHILLIPS CO	12/01/2006	12/31/2006	01/29/2007	29.00	\$308,995	\$8,960,849	
73	00048	DISTRIGAS OF MASSACHUSETTS LLC	12/01/2006	12/31/2006	01/15/2007	15.00	\$1,013,924	\$15,208,867	
74	00048	DOMINION/VIRGINIA POWER	12/01/2006	12/31/2006	01/26/2007	26.00	\$2,057,222	\$53,487,772	
75	00048	HESS CORPORATION	12/01/2006	12/31/2006	01/26/2007	26.00	\$1,432,974	\$37,257,332	
76	00048	KEYSPAN LNG GP LLC	12/01/2006	12/31/2006	01/22/2007	22.00	\$157,500	\$3,465,000	
77	00048	L P TRANSPORTATION INC	10/17/2006	10/20/2006	01/03/2007	75.00	\$8,127	\$609,541	
78	00048	L P TRANSPORTATION INC	12/14/2006	12/15/2006	01/08/2007	24.00	\$5,609	\$134,623	
79	00048	L P TRANSPORTATION INC	01/05/2007	01/05/2007	01/22/2007	17.00	\$3,180	\$54,057	
80	00048	L P TRANSPORTATION INC	01/09/2007	01/09/2007	01/25/2007	16.00	\$3,045	\$48,712	
81	00048	L P TRANSPORTATION INC	01/09/2007	01/11/2007	01/30/2007	19.00	\$4,288	\$81,467	
82	00048	NOBLE ENERGY MARKETING INC - GAS	12/01/2006	12/31/2006	01/22/2007	22.00	\$3,214,288	\$70,714,329	
83	00048	OCCIDENTAL ENERGY MARKETING INC	12/01/2006	12/31/2006	01/26/2007	26.00	\$1,280,362	\$33,289,412	
84	00048	ONEOK ENERGY SERVICES COMPANY L P	12/01/2006	12/31/2006	01/31/2007	31.00	\$863,189	\$26,758,853	
85	00048	ONEOK ENERGY SERVICES COMPANY L P	12/01/2006	12/31/2006	01/31/2007	31.00	\$631,284	\$19,569,804	
86	00048	SEQUENT ENERGY	12/01/2006	12/31/2006	01/31/2007	31.00	\$1,644,240	\$50,971,440	
87	00048	TENASKA MARKETING VENTURES	12/01/2006	12/31/2006	01/26/2007	26.00	\$1,723,743	\$44,817,308	
88	00048	TRANSGAS INC	10/24/2006	10/26/2006	01/08/2007	74.00	\$3,753	\$277,736	
89	00048	TRANSGAS INC	12/18/2006	12/19/2006	01/16/2007	28.00	\$7,427	\$207,952	
90	00048	TRANSGAS INC	01/02/2007	01/03/2007	01/22/2007	19.00	\$8,113	\$154,149	
91	00048	TRANSGAS INC	01/12/2007	01/12/2007	01/25/2007	13.00	\$3,804	\$49,447	
92	00048	YANKEE GAS SERVICES CO	12/01/2006	12/31/2006	01/30/2007	30.00	\$63,462	\$1,903,871	
93	00048	ALBERTA NORTHEAST GAS LIMITED	01/01/2007	01/31/2007	02/27/2007	27.00	\$324,895	\$8,772,160	

MDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Period Begin	Period End					
94	00048	ANADARKO TRADING COMPANY	01/01/2007	01/31/2007	02/27/2007	27.00	\$2,892,195	\$78,089,254	
95	00048	BP ENERGY COMPANY	01/01/2007	01/31/2007	02/27/2007	27.00	\$3,912,530	\$105,638,314	
96	00048	CARGILL POWER & GAS MARKETS	01/01/2007	01/31/2007	02/27/2007	27.00	\$1,965,710	\$53,074,170	
97	00048	CONOCO PHILLIPS CO	01/01/2007	01/31/2007	02/21/2007	21.00	\$2,400,000	\$50,400,000	
98	00048	CONOCO PHILLIPS CO	01/01/2007	01/31/2007	02/27/2007	27.00	\$8,040,025	\$217,080,679	
99	00048	CONOCO PHILLIPS CO	01/01/2007	01/31/2007	02/27/2007	27.00	\$4,118,081	\$111,188,198	
100	00048	DISTRIGAS OF MASSACHUSETTS LLC	01/01/2007	01/31/2007	02/13/2007	13.00	\$1,925,785	\$25,035,204	
101	00048	DOMINION/VIRGINIA POWER	01/01/2007	01/31/2007	02/27/2007	27.00	\$1,585,824	\$42,817,237	
102	00048	HESS CORPORATION	01/01/2007	01/31/2007	02/27/2007	27.00	\$1,753,980	\$47,357,460	
103	00048	KEYSPAN LNG GP LLC	01/01/2007	01/31/2007	02/21/2007	21.00	\$157,500	\$3,307,500	
104	00048	L P TRANSPORTATION INC	01/19/2007	01/19/2007	02/02/2007	14.00	\$3,040	\$42,554	
105	00048	NOBLE ENERGY MARKETING INC - GAS	01/01/2007	01/31/2007	02/23/2007	23.00	\$3,787,784	\$87,119,038	
106	00048	SEQUENT ENERGY	01/01/2007	01/31/2007	02/27/2007	27.00	\$2,033,290	\$54,898,830	
107	00048	TENASKA MARKETING VENTURES	01/01/2007	01/31/2007	02/27/2007	27.00	\$2,131,734	\$57,556,807	
108	00048	TRANSGAS INC	01/16/2007	01/19/2007	02/02/2007	14.00	\$11,917	\$166,845	
109	00048	TRANSGAS INC	01/24/2007	01/27/2007	02/13/2007	17.00	\$27,354	\$465,021	
110	00048	TRANSGAS INC	01/26/2007	01/26/2007	02/13/2007	18.00	\$4,633	\$83,387	
111	00048	TRANSGAS INC	02/01/2007	02/04/2007	02/16/2007	12.00	\$16,549	\$198,587	
112	00048	TRANSGAS INC	01/28/2007	01/31/2007	02/16/2007	16.00	\$13,247	\$211,947	
113	00048	YANKEE GAS SERVICES CO	01/01/2007	01/31/2007	02/23/2007	23.00	\$63,783	\$1,467,008	
114	00048	ALBERTA NORTHEAST GAS LIMITED	02/01/2007	02/28/2007	03/28/2007	28.00	\$293,080	\$8,206,254	
115	00048	ANADARKO TRADING COMPANY	02/01/2007	02/28/2007	03/28/2007	28.00	\$1,679,910	\$47,037,491	
116	00048	BP ENERGY COMPANY	02/01/2007	02/28/2007	03/28/2007	28.00	\$3,878,347	\$108,593,710	
117	00048	CARGILL POWER & GAS MARKETS	02/01/2007	02/28/2007	03/28/2007	28.00	\$1,772,197	\$49,621,515	
118	00048	CONOCO PHILLIPS CO	02/01/2007	02/28/2007	03/20/2007	20.00	\$2,400,000	\$48,000,000	
119	00048	CONOCO PHILLIPS CO	02/01/2007	02/28/2007	03/28/2007	28.00	\$7,709,368	\$215,862,311	
120	00048	CONOCO PHILLIPS CO	02/01/2007	02/28/2007	03/28/2007	28.00	\$9,672,703	\$270,835,696	
121	00048	CONOCO PHILLIPS CO	02/01/2007	02/28/2007	03/30/2007	30.00	\$198,153	\$5,944,590	
122	00048	DISTRIGAS OF MASSACHUSETTS LLC	02/01/2007	02/28/2007	03/13/2007	13.00	\$2,851,202	\$37,065,626	
123	00048	HESS CORPORATION	02/01/2007	02/28/2007	03/28/2007	28.00	\$1,203,216	\$33,690,048	
124	00048	KEYSPAN LNG GP LLC	02/01/2007	02/28/2007	03/20/2007	20.00	\$157,500	\$3,150,000	

MIDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Service Period Begin	Service Period End					
125	00048	NOBLE ENERGY MARKETING INC - GAS	02/01/2007	02/28/2007	03/22/2007	22.00	\$3,405,095	\$74,912,093	
126	00048	NOBLE ENERGY MARKETING INC - GAS	02/01/2007	02/28/2007	03/30/2007	30.00	\$10,696	\$320,874	
127	00048	OCCIDENTAL ENERGY MARKETING INC	02/01/2007	02/28/2007	03/08/2007	8.00	\$908,697	\$7,269,574	
128	00048	OCCIDENTAL ENERGY MARKETING INC	02/01/2007	02/28/2007	03/28/2007	28.00	\$575,288	\$16,108,064	
129	00048	ONEOK ENERGY SERVICES COMPANY L P	02/01/2007	02/28/2007	03/06/2007	6.00	\$1,685,991	\$10,115,945	
130	00048	ONEOK ENERGY SERVICES COMPANY L P	02/01/2007	02/28/2007	03/28/2007	28.00	\$1,379,162	\$38,616,547	
131	00048	SEQUENT ENERGY	02/01/2007	02/28/2007	03/28/2007	28.00	\$1,473,660	\$41,262,492	
132	00048	SEQUENT ENERGY	02/01/2007	02/28/2007	03/30/2007	30.00	\$11,535	\$346,035	
133	00048	TENASKA MARKETING VENTURES	02/01/2007	02/28/2007	03/28/2007	28.00	\$1,775,530	\$49,714,851	
134	00048	TRANSGAS INC	02/05/2007	02/11/2007	03/07/2007	24.00	\$26,806	\$643,356	
135	00048	TRANSGAS INC	02/16/2007	02/16/2007	03/07/2007	19.00	\$19,918	\$378,446	
136	00048	TRANSGAS INC	02/20/2007	02/23/2007	03/09/2007	14.00	\$15,486	\$216,807	
137	00048	TRANSGAS INC	02/26/2007	02/28/2007	03/16/2007	16.00	\$3,750	\$60,002	
138	00048	TRANSGAS INC	03/09/2007	03/09/2007	03/23/2007	14.00	\$18,972	\$265,612	
139	00048	VIRGINIA POWER	02/01/2007	02/28/2007	03/28/2007	28.00	\$1,174,765	\$32,893,418	
140	00048	ALBERTA NORTHEAST GAS LIMITED	03/01/2007	03/31/2007	04/27/2007	27.00	\$324,917	\$8,772,753	
141	00048	ANADARKO TRADING COMPANY	03/01/2007	03/31/2007	04/27/2007	27.00	\$2,280,553	\$61,574,922	
142	00048	BP ENERGY COMPANY	03/01/2007	03/31/2007	04/27/2007	27.00	\$3,869,863	\$104,486,288	
143	00048	CARGILL POWER & GAS MARKETS	03/01/2007	03/31/2007	04/27/2007	27.00	\$963,480	\$26,013,960	
144	00048	CONOCO PHILLIPS CO	03/01/2007	03/31/2007	04/23/2007	23.00	\$2,400,000	\$55,200,000	
145	00048	CONOCO PHILLIPS CO	03/01/2007	03/31/2007	04/27/2007	27.00	\$6,230,024	\$168,210,656	
146	00048	CONOCO PHILLIPS CO	03/01/2007	03/31/2007	04/27/2007	27.00	\$7,848,850	\$211,918,959	
147	00048	DISTRIGAS OF MASSACHUSETTS LLC	03/01/2007	03/31/2007	04/20/2007	20.00	\$2,510,563	\$50,211,253	
148	00048	DOMINION/VIRGINIA POWER	03/01/2007	03/31/2007	04/27/2007	27.00	\$1,476,592	\$39,867,984	
149	00048	HESS CORPORATION	03/01/2007	03/31/2007	04/27/2007	27.00	\$1,519,552	\$41,027,899	
150	00048	KEYSPAN LNG GP LLC	03/01/2007	03/31/2007	04/20/2007	20.00	\$157,500	\$3,150,000	
151	00048	L P TRANSPORTATION INC	03/12/2007	03/16/2007	04/05/2007	20.00	\$9,428	\$188,559	
152	00048	L P TRANSPORTATION INC	03/19/2007	03/23/2007	04/05/2007	13.00	\$9,423	\$122,494	
153	00048	L P TRANSPORTATION INC	04/02/2007	04/06/2007	04/20/2007	14.00	\$11,122	\$155,703	
154	00048	L P TRANSPORTATION INC	03/04/2007	03/04/2007	04/24/2007	51.00	\$1,886	\$96,165	
155	00048	NOBLE ENERGY MARKETING INC - GAS	03/01/2007	03/31/2007	04/23/2007	23.00	\$3,042,346	\$69,973,963	

MDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Service Period Begin	Service Period End					
156	00048	OCCIDENTAL ENERGY MARKETING INC	03/01/2007	03/31/2007	04/27/2007	27.00	\$942,679	\$25,452,333	
157	00048	ONEOK ENERGY SERVICES COMPANY L P	03/01/2007	03/31/2007	04/27/2007	27.00	\$1,523,458	\$41,133,361	
158	00048	SEQUENT ENERGY	03/01/2007	03/31/2007	04/27/2007	27.00	\$658,750	\$17,786,250	
159	00048	TENASKA MARKETING VENTURES	03/01/2007	03/31/2007	04/27/2007	27.00	\$1,592,061	\$42,985,642	
160	00048	TRANSGAS INC	03/12/2007	03/15/2007	04/05/2007	21.00	\$4,970	\$104,372	
161	00048	TRANSGAS INC	03/19/2007	03/23/2007	04/11/2007	19.00	\$6,182	\$117,465	
162	00048	TRANSGAS INC	03/26/2007	03/30/2007	04/16/2007	17.00	\$18,765	\$319,008	
163	00048	TRANSGAS INC	03/07/2007	03/07/2007	04/16/2007	40.00	\$4,616	\$184,641	
164	00048	TRANSGAS INC	04/05/2007	04/06/2007	04/20/2007	14.00	\$26,053	\$364,748	
165	00048	TRANSGAS INC	04/12/2007	04/13/2007	04/27/2007	14.00	\$26,258	\$367,609	
166	00048	YANKEE GAS SERVICES CO	02/01/2007	02/28/2007	04/03/2007	34.00	\$61,215	\$2,081,326	
167	00048	YANKEE GAS SERVICES CO	03/01/2007	03/31/2007	04/20/2007	20.00	\$62,498	\$1,249,954	
168	00048	ALBERTA NORTHEAST GAS LIMITED	04/01/2007	04/30/2007	05/30/2007	30.00	\$285,901	\$8,577,038	
169	00048	ANADARKO TRADING COMPANY	04/01/2007	04/30/2007	05/30/2007	30.00	\$676,416	\$20,292,480	
170	00048	BP ENERGY COMPANY	04/01/2007	04/30/2007	05/30/2007	30.00	\$3,637,313	\$109,119,398	
171	00048	CONOCO PHILLIPS CO	04/01/2007	04/30/2007	05/23/2007	23.00	\$2,400,000	\$55,200,000	
172	00048	CONOCO PHILLIPS CO	04/01/2007	04/30/2007	05/30/2007	30.00	\$5,946,593	\$178,397,775	
173	00048	CONOCO PHILLIPS CO	04/01/2007	04/30/2007	05/30/2007	30.00	\$10,418,153	\$312,544,589	
174	00048	DISTRIGAS OF MASSACHUSETTS LLC	04/01/2007	04/30/2007	05/16/2007	16.00	\$2,623,087	\$41,969,385	
175	00048	DOMINION/VIRGINIA POWER	04/01/2007	04/30/2007	05/30/2007	30.00	\$648,336	\$19,450,080	
176	00048	HESS CORPORATION	04/01/2007	04/30/2007	05/30/2007	30.00	\$637,416	\$19,122,480	
177	00048	KEYSPAN LNG GP LLC	04/01/2007	04/30/2007	05/23/2007	23.00	\$157,500	\$3,622,500	
178	00048	L P TRANSPORTATION INC	04/09/2007	04/13/2007	05/01/2007	18.00	\$12,685	\$228,322	
179	00048	L P TRANSPORTATION INC	04/18/2007	04/20/2007	05/04/2007	14.00	\$5,653	\$79,143	
180	00048	L P TRANSPORTATION INC	04/16/2007	04/17/2007	05/04/2007	17.00	\$3,956	\$67,246	
181	00048	L P TRANSPORTATION INC	04/27/2007	04/27/2007	05/16/2007	19.00	\$1,003	\$19,053	
182	00048	NOBLE ENERGY MARKETING INC - GAS	04/01/2007	04/30/2007	05/23/2007	23.00	\$687,336	\$15,808,728	
183	00048	OCCIDENTAL ENERGY MARKETING INC	04/01/2007	04/30/2007	05/30/2007	30.00	\$660,036	\$19,801,080	
184	00048	ONEOK ENERGY SERVICES COMPANY L P	04/01/2007	04/30/2007	05/30/2007	30.00	\$421,056	\$12,631,680	
185	00048	TENASKA MARKETING VENTURES	04/01/2007	04/30/2007	05/30/2007	30.00	\$734,916	\$22,047,480	
186	00048	TRANSGAS INC	04/20/2007	04/20/2007	05/10/2007	20.00	\$21,277	\$425,531	

MDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Service Period Begin	Service					
187	00048	TRANSGAS INC	04/26/2007	04/27/2007	05/10/2007	13.00	\$26,474	\$344,159	
188	00048	TRANSGAS INC	04/30/2007	04/30/2007	05/10/2007	10.00	\$5,280	\$52,802	
189	00048	TRANSGAS INC	05/01/2007	05/04/2007	05/22/2007	18.00	\$12,258	\$220,643	
190	00048	TRANSGAS INC	05/01/2007	05/03/2007	05/22/2007	19.00	\$6,822	\$129,618	
191	00048	TRANSGAS INC	05/07/2007	05/11/2007	05/25/2007	14.00	\$18,999	\$265,991	
192	00048	TRANSGAS INC	05/07/2007	05/10/2007	05/25/2007	15.00	\$7,723	\$115,849	
193	00048	YANKEE GAS SERVICES CO	04/01/2007	04/30/2007	05/16/2007	16.00	\$62,635	\$1,002,154	
194	00048	ALBERTA NORTHEAST GAS LIMITED	05/01/2007	05/31/2007	06/26/2007	26.00	\$295,361	\$7,679,399	
195	00048	ALGONQUIN GAS TRANSMISSION LLC	05/01/2007	05/31/2007	06/20/2007	20.00	\$40,521	\$810,418	
196	00048	ANADARKO TRADING COMPANY	05/01/2007	05/31/2007	06/26/2007	26.00	\$1,003,210	\$26,083,450	
197	00048	BP ENERGY COMPANY	05/01/2007	05/31/2007	06/26/2007	26.00	\$3,831,009	\$99,606,225	
198	00048	CONOCO PHILLIPS CO	05/01/2007	05/31/2007	06/22/2007	22.00	\$2,400,000	\$52,800,000	
199	00048	CONOCO PHILLIPS CO	05/01/2007	05/31/2007	06/26/2007	26.00	\$4,668,831	\$121,389,597	
200	00048	CONOCO PHILLIPS CO	05/01/2007	05/31/2007	06/26/2007	26.00	\$141,168	\$3,670,380	
201	00048	DISTRIGAS OF MASSACHUSETTS LLC	05/01/2007	05/31/2007	06/18/2007	18.00	\$2,260,572	\$40,690,301	
202	00048	HESS CORPORATION	05/01/2007	05/31/2007	06/26/2007	26.00	\$651,893	\$16,949,213	
203	00048	KEYSPAN LNG GP LLC	05/01/2007	05/31/2007	06/20/2007	20.00	\$157,500	\$3,150,000	
204	00048	L P TRANSPORTATION INC	04/17/2007	04/17/2007	06/06/2007	50.00	\$652	\$32,594	
205	00048	L P TRANSPORTATION INC	04/23/2007	04/26/2007	06/06/2007	41.00	\$9,103	\$373,226	
206	00048	L P TRANSPORTATION INC	04/30/2007	05/04/2007	06/11/2007	38.00	\$13,201	\$501,629	
207	00048	L P TRANSPORTATION INC	04/27/2007	04/27/2007	06/11/2007	45.00	\$820	\$36,894	
208	00048	L P TRANSPORTATION INC	05/14/2007	05/18/2007	06/11/2007	24.00	\$14,147	\$339,519	
209	00048	L P TRANSPORTATION INC	05/21/2007	05/25/2007	06/11/2007	17.00	\$11,859	\$201,610	
210	00048	L P TRANSPORTATION INC	03/02/2007	03/02/2007	06/12/2007	102.00	\$1,745	\$177,986	
211	00048	L P TRANSPORTATION INC	02/26/2007	03/01/2007	06/12/2007	103.00	\$8,353	\$860,377	
212	00048	L P TRANSPORTATION INC	04/27/2007	04/27/2007	06/20/2007	54.00	\$818	\$44,177	
213	00048	L P TRANSPORTATION INC	06/04/2007	06/08/2007	06/21/2007	13.00	\$11,304	\$146,953	
214	00048	NOBLE ENERGY MARKETING INC - GAS	06/01/2007	06/30/2007	06/22/2007	(8.00)	\$599,813	(\$4,798,502)	
215	00048	ONEOK ENERGY SERVICES COMPANY L P	06/01/2007	06/30/2007	06/26/2007	(4.00)	\$584,933	(\$2,339,731)	
216	00048	TENASKA MARKETING VENTURES	06/01/2007	06/30/2007	06/26/2007	(4.00)	\$570,797	(\$2,283,187)	
217	00048	TRANSGAS INC	05/14/2007	05/15/2007	06/05/2007	21.00	\$3,441	\$72,269	

MDL Workpapers
Cash Working Capital Study

Narragansett Gas Company
Cash Working Capital Requirements
Test Year Ended 09/30/07
Gas Purchase Costs

Line No.	Company	Supplier (1)	Service (2)		Service Period End (3)	Payment Date (4)	Lead Days (5)=(4-3)	Payment (6)	Dollar Weighted Days (7)=(5*6)
			Service Period Begin	Service Period End					
218	00048	TRANSGAS INC	05/17/2007	05/18/2007	06/05/2007	18.00	\$23,088	\$415,576	
219	00048	TRANSGAS INC	03/01/2007	03/01/2007	06/12/2007	103.00	\$1,357	\$139,814	
220	00048	TRANSGAS INC	05/29/2007	05/30/2007	06/13/2007	14.00	\$10,361	\$145,047	
221	00048	TRANSGAS INC	06/07/2007	06/08/2007	06/22/2007	14.00	\$25,208	\$352,917	
222	00048	YANKEE GAS SERVICES CO	05/01/2007	05/31/2007	06/22/2007	22.00	\$63,185	\$1,390,068	
223	00048	TRANSGAS INC	06/14/2007	06/15/2007	07/02/2007	17.00	\$26,362	\$448,160	
224	00048	L P TRANSPORTATION INC	06/11/2007	06/11/2007	07/02/2007	21.00	\$2,830	\$59,435	
225	00048	TRANSGAS INC	05/24/2007	05/25/2007	07/02/2007	38.00	\$26,203	\$995,733	
226	00048	TRANSGAS INC	06/01/2007	06/01/2007	07/02/2007	31.00	\$5,089	\$157,753	
227	00048	TRANSGAS INC	06/20/2007	06/22/2007	07/09/2007	17.00	\$23,796	\$404,532	
228	00048	DISTRIGAS OF MASSACHUSETTS LLC	06/01/2007	06/30/2007	07/16/2007	16.00	\$1,300,650	\$20,810,400	
229	00048	YANKEE GAS SERVICES CO	06/01/2007	06/30/2007	07/19/2007	19.00	\$61,866	\$1,175,450	
230	00048	TRANSGAS INC	06/28/2007	06/29/2007	07/19/2007	20.00	\$18,836	\$376,712	
231	00048	TRANSGAS INC	06/29/2007	06/29/2007	07/19/2007	20.00	\$7,519	\$150,388	
232	00048	ALGONQUIN GAS TRANSMISSION LLC	06/01/2007	06/30/2007	07/20/2007	20.00	\$218,602	\$4,372,037	
233	00048	KEYSPAN LNG GP LLC	06/01/2007	06/30/2007	07/20/2007	20.00	\$157,500	\$3,150,000	
234	00048	TRANSGAS INC	07/05/2007	07/06/2007	07/20/2007	14.00	\$20,892	\$292,484	
235	00048	NOBLE ENERGY MARKETING INC - GAS	06/01/2007	06/30/2007	07/23/2007	23.00	\$663,984	\$15,271,632	
236	00048	CONOCO PHILLIPS CO	06/01/2007	06/30/2007	07/23/2007	23.00	\$2,400,000	\$55,200,000	
237	00048	CONOCO PHILLIPS CO	06/01/2007	06/30/2007	07/26/2007	26.00	\$4,707,691	\$122,399,956	
238	00048	CONOCO PHILLIPS CO	06/01/2007	06/30/2007	07/26/2007	26.00	\$1,420,311	\$36,928,081	
239	00048	L P TRANSPORTATION INC	05/07/2007	05/11/2007	07/26/2007	76.00	\$14,196	\$1,078,862	
240	00048	ALBERTA NORTHEAST GAS LIMITED	06/01/2007	06/30/2007	07/26/2007	26.00	\$285,886	\$7,433,030	
241	00048	BP ENERGY COMPANY	06/01/2007	06/30/2007	07/26/2007	26.00	\$3,834,292	\$99,691,586	
242	00048	TRANSGAS INC	07/18/2007	07/20/2007	08/01/2007	12.00	\$26,081	\$312,969	
243	00048	TRANSGAS INC	07/12/2007	07/13/2007	08/01/2007	19.00	\$26,378	\$501,182	
244	00048	TRANSGAS INC	05/31/2007	05/31/2007	08/07/2007	68.00	\$4,286	\$291,447	
245	00048	TRANSGAS INC	07/30/2007	07/31/2007	08/16/2007	16.00	\$10,351	\$165,611	
246	00048	YANKEE GAS SERVICES CO	07/01/2007	07/31/2007	08/21/2007	21.00	\$62,509	\$1,312,694	
247	00048	ALGONQUIN GAS TRANSMISSION LLC	07/01/2007	07/31/2007	08/21/2007	21.00	\$191,532	\$4,022,171	
248	00048	CONOCO PHILLIPS CO	07/01/2007	07/31/2007	08/21/2007	21.00	\$2,400,000	\$50,400,000	

MDL Workpapers
Cash Working Capital Study

Narragansett Gas
Meter Read Dates and Billing Dates

Cycle	Billed Sales	Prior Read Date	Read Date	Bill Date	# Days in Bill [1]	Billing Lag [2]
1	Oct-06	25-Aug-06	26-Sep-06	02-Oct-06	32	6
1	Nov-06	26-Sep-06	26-Oct-06	01-Nov-06	30	6
1	Dec-06	26-Oct-06	28-Nov-06	01-Dec-06	33	3
1	Jan-07	28-Nov-06	29-Dec-06	02-Jan-07	31	4
1	Feb-07	29-Dec-06	30-Jan-07	01-Feb-07	32	2
1	Mar-07	30-Jan-07	27-Feb-07	01-Mar-07	28	2
1	Apr-07	27-Feb-07	28-Mar-07	02-Apr-07	29	5
1	May-07	28-Mar-07	27-Apr-07	01-May-07	30	4
1	Jun-07	27-Apr-07	30-May-07	01-Jun-07	33	2
1	Jul-07	30-May-07	28-Jun-07	02-Jul-07	29	4
1	Aug-07	28-Jun-07	27-Jul-07	01-Aug-07	29	5
1	Sep-07	27-Jul-07	30-Aug-07	04-Sep-07	34	5
2	Oct-06	28-Aug-06	27-Sep-06	03-Oct-06	30	6
2	Nov-06	27-Sep-06	27-Oct-06	02-Nov-06	30	6
2	Dec-06	27-Oct-06	29-Nov-06	04-Dec-06	33	5
2	Jan-07	29-Nov-06	02-Jan-07	03-Jan-07	34	1
2	Feb-07	02-Jan-07	31-Jan-07	02-Feb-07	29	2
2	Mar-07	31-Jan-07	28-Feb-07	02-Mar-07	28	2
2	Apr-07	28-Feb-07	29-Mar-07	03-Apr-07	29	5
2	May-07	29-Mar-07	30-Apr-07	02-May-07	32	2
2	Jun-07	30-Apr-07	31-May-07	04-Jun-07	31	4
2	Jul-07	31-May-07	29-Jun-07	03-Jul-07	29	4
2	Aug-07	29-Jun-07	31-Jul-07	02-Aug-07	32	2
2	Sep-07	31-Jul-07	31-Aug-07	05-Sep-07	31	5
3	Oct-06	29-Aug-06	28-Sep-06	04-Oct-06	30	6
3	Nov-06	28-Sep-06	30-Oct-06	03-Nov-06	32	4
3	Dec-06	30-Oct-06	30-Nov-06	05-Dec-06	31	5
3	Jan-07	30-Nov-06	03-Jan-07	04-Jan-07	34	1
3	Feb-07	03-Jan-07	01-Feb-07	05-Feb-07	29	4
3	Mar-07	01-Feb-07	01-Mar-07	05-Mar-07	28	4
3	Apr-07	01-Mar-07	02-Apr-07	04-Apr-07	32	2
3	May-07	02-Apr-07	01-May-07	03-May-07	29	2
3	Jun-07	01-May-07	01-Jun-07	05-Jun-07	31	4
3	Jul-07	01-Jun-07	02-Jul-07	05-Jul-07	31	3
3	Aug-07	02-Jul-07	01-Aug-07	03-Aug-07	30	2
3	Sep-07	01-Aug-07	04-Sep-07	06-Sep-07	34	2
4	Oct-06	30-Aug-06	29-Sep-06	05-Oct-06	30	6
4	Nov-06	29-Sep-06	31-Oct-06	06-Nov-06	32	6
4	Dec-06	31-Oct-06	01-Dec-06	06-Dec-06	31	5
4	Jan-07	01-Dec-06	04-Jan-07	05-Jan-07	34	1
4	Feb-07	04-Jan-07	02-Feb-07	06-Feb-07	29	4

MDL Workpapers
Cash Working Capital Study

Narragansett Gas
Meter Read Dates and Billing Dates

Cycle	Billed Sales	Prior Read Date	Read Date	Bill Date	# Days in Bill [1]	Billing Lag [2]
4	Mar-07	02-Feb-07	02-Mar-07	06-Mar-07	28	4
4	Apr-07	02-Mar-07	03-Apr-07	05-Apr-07	32	2
4	May-07	03-Apr-07	02-May-07	04-May-07	29	2
4	Jun-07	02-May-07	04-Jun-07	06-Jun-07	33	2
4	Jul-07	04-Jun-07	03-Jul-07	06-Jul-07	29	3
4	Aug-07	03-Jul-07	02-Aug-07	06-Aug-07	30	4
4	Sep-07	02-Aug-07	05-Sep-07	07-Sep-07	34	2
5	Oct-06	31-Aug-06	02-Oct-06	06-Oct-06	32	4
5	Nov-06	02-Oct-06	01-Nov-06	07-Nov-06	30	6
5	Dec-06	01-Nov-06	05-Dec-06	07-Dec-06	34	2
5	Jan-07	05-Dec-06	05-Jan-07	08-Jan-07	31	3
5	Feb-07	05-Jan-07	05-Feb-07	07-Feb-07	31	2
5	Mar-07	05-Feb-07	03-Mar-07	07-Mar-07	26	4
5	Apr-07	03-Mar-07	04-Apr-07	06-Apr-07	32	2
5	May-07	04-Apr-07	03-May-07	07-May-07	29	4
5	Jun-07	03-May-07	05-Jun-07	07-Jun-07	33	2
5	Jul-07	05-Jun-07	05-Jul-07	09-Jul-07	30	4
5	Aug-07	05-Jul-07	03-Aug-07	07-Aug-07	29	4
5	Sep-07	03-Aug-07	06-Sep-07	10-Sep-07	34	4
6	Oct-06	01-Sep-06	03-Oct-06	10-Oct-06	32	7
6	Nov-06	03-Oct-06	02-Nov-06	08-Nov-06	30	6
6	Dec-06	02-Nov-06	06-Dec-06	08-Dec-06	34	2
6	Jan-07	06-Dec-06	08-Jan-07	09-Jan-07	33	1
6	Feb-07	08-Jan-07	06-Feb-07	08-Feb-07	29	2
6	Mar-07	06-Feb-07	06-Mar-07	08-Mar-07	28	2
6	Apr-07	06-Mar-07	05-Apr-07	09-Apr-07	30	4
6	May-07	05-Apr-07	04-May-07	08-May-07	29	4
6	Jun-07	04-May-07	06-Jun-07	08-Jun-07	33	2
6	Jul-07	06-Jun-07	06-Jul-07	10-Jul-07	30	4
6	Aug-07	06-Jul-07	06-Aug-07	08-Aug-07	31	2
6	Sep-07	06-Aug-07	07-Sep-07	11-Sep-07	32	4
7	Oct-06	05-Sep-06	04-Oct-06	11-Oct-06	29	7
7	Nov-06	04-Oct-06	03-Nov-06	09-Nov-06	30	6
7	Dec-06	03-Nov-06	07-Dec-06	11-Dec-06	34	4
7	Jan-07	07-Dec-06	09-Jan-07	10-Jan-07	33	1
7	Feb-07	09-Jan-07	07-Feb-07	09-Feb-07	29	2
7	Mar-07	07-Feb-07	07-Mar-07	09-Mar-07	28	2
7	Apr-07	07-Mar-07	06-Apr-07	10-Apr-07	30	4
7	May-07	06-Apr-07	07-May-07	09-May-07	31	2
7	Jun-07	07-May-07	07-Jun-07	11-Jun-07	31	4
7	Jul-07	07-Jun-07	09-Jul-07	11-Jul-07	32	2

MDL Workpapers
Cash Working Capital Study

Narragansett Gas
Meter Read Dates and Billing Dates

Cycle	Billed	Prior	Read Date	Read Date	Bill Date	# Days	Billing
	Sales	Read Date				in Bill [1]	Lag [2]
7	Aug-07	09-Jul-07	07-Aug-07	09-Aug-07	29	2	
7	Sep-07	07-Aug-07	10-Sep-07	12-Sep-07	34	2	
8	Oct-06	06-Sep-06	05-Oct-06	12-Oct-06	29	7	
8	Nov-06	05-Oct-06	06-Nov-06	09-Nov-06	32	3	
8	Dec-06	06-Nov-06	08-Dec-06	12-Dec-06	32	4	
8	Jan-07	08-Dec-06	10-Jan-07	11-Jan-07	33	1	
8	Feb-07	10-Jan-07	07-Feb-07	09-Feb-07	28	2	
8	Mar-07	07-Feb-07	08-Mar-07	12-Mar-07	29	4	
8	Apr-07	08-Mar-07	09-Apr-07	11-Apr-07	32	2	
8	May-07	09-Apr-07	08-May-07	10-May-07	29	2	
8	Jun-07	08-May-07	08-Jun-07	12-Jun-07	31	4	
8	Jul-07	08-Jun-07	10-Jul-07	12-Jul-07	32	2	
8	Aug-07	10-Jul-07	08-Aug-07	10-Aug-07	29	2	
8	Sep-07	08-Aug-07	11-Sep-07	13-Sep-07	34	2	
9	Oct-06	07-Sep-06	06-Oct-06	13-Oct-06	29	7	
9	Nov-06	06-Oct-06	07-Nov-06	13-Nov-06	32	6	
9	Dec-06	07-Nov-06	11-Dec-06	13-Dec-06	34	2	
9	Jan-07	11-Dec-06	11-Jan-07	12-Jan-07	31	1	
9	Feb-07	11-Jan-07	08-Feb-07	12-Feb-07	28	4	
9	Mar-07	08-Feb-07	09-Mar-07	13-Mar-07	29	4	
9	Apr-07	09-Mar-07	10-Apr-07	12-Apr-07	32	2	
9	May-07	10-Apr-07	09-May-07	11-May-07	29	2	
9	Jun-07	09-May-07	11-Jun-07	13-Jun-07	33	2	
9	Jul-07	11-Jun-07	11-Jul-07	13-Jul-07	30	2	
9	Aug-07	11-Jul-07	09-Aug-07	14-Aug-07	29	5	
9	Sep-07	09-Aug-07	12-Sep-07	14-Sep-07	34	2	
10	Oct-06	08-Sep-06	10-Oct-06	16-Oct-06	32	6	
10	Nov-06	10-Oct-06	08-Nov-06	14-Nov-06	29	6	
10	Dec-06	08-Nov-06	12-Dec-06	14-Dec-06	34	2	
10	Jan-07	12-Dec-06	12-Jan-07	15-Jan-07	31	3	
10	Feb-07	12-Jan-07	09-Feb-07	13-Feb-07	28	4	
10	Mar-07	09-Feb-07	12-Mar-07	14-Mar-07	31	2	
10	Apr-07	12-Mar-07	11-Apr-07	13-Apr-07	30	2	
10	May-07	11-Apr-07	10-May-07	14-May-07	29	4	
10	Jun-07	10-May-07	12-Jun-07	14-Jun-07	33	2	
10	Jul-07	12-Jun-07	12-Jul-07	16-Jul-07	30	4	
10	Aug-07	12-Jul-07	10-Aug-07	15-Aug-07	29	5	
10	Sep-07	10-Aug-07	12-Sep-07	14-Sep-07	33	2	
11	Oct-06	11-Sep-06	11-Oct-06	17-Oct-06	30	6	
11	Nov-06	11-Oct-06	09-Nov-06	15-Nov-06	29	6	

MDL Workpapers
Cash Working Capital Study

Narragansett Gas
Meter Read Dates and Billing Dates

Cycle	Billed Sales	Prior Read Date	Read Date	Bill Date	# Days in Bill [1]	Billing Lag [2]
11	Dec-06	09-Nov-06	13-Dec-06	15-Dec-06	34	2
11	Jan-07	13-Dec-06	15-Jan-07	16-Jan-07	33	1
11	Feb-07	15-Jan-07	12-Feb-07	14-Feb-07	28	2
11	Mar-07	12-Feb-07	13-Mar-07	15-Mar-07	29	2
11	Apr-07	13-Mar-07	12-Apr-07	16-Apr-07	30	4
11	May-07	12-Apr-07	11-May-07	15-May-07	29	4
11	Jun-07	11-May-07	13-Jun-07	15-Jun-07	33	2
11	Jul-07	13-Jul-07	13-Jul-07	17-Jul-07	30	4
11	Aug-07	13-Jul-07	14-Aug-07	16-Aug-07	32	2
11	Sep-07	14-Aug-07	13-Sep-07	17-Sep-07	30	4
12	Oct-06	12-Sep-06	12-Oct-06	18-Oct-06	30	6
12	Nov-06	12-Oct-06	10-Nov-06	16-Nov-06	29	6
12	Dec-06	10-Nov-06	14-Dec-06	18-Dec-06	34	4
12	Jan-07	14-Dec-06	16-Jan-07	17-Jan-07	33	1
12	Feb-07	16-Jan-07	13-Feb-07	15-Feb-07	28	2
12	Mar-07	13-Feb-07	14-Mar-07	16-Mar-07	29	2
12	Apr-07	14-Mar-07	13-Apr-07	17-Apr-07	30	4
12	May-07	13-Apr-07	14-May-07	16-May-07	31	2
12	Jun-07	14-May-07	14-Jun-07	18-Jun-07	31	4
12	Jul-07	14-Jun-07	16-Jul-07	18-Jul-07	32	2
12	Aug-07	16-Jul-07	15-Aug-07	17-Aug-07	30	2
12	Sep-07	15-Aug-07	14-Sep-07	18-Sep-07	30	4
13	Oct-06	13-Sep-06	13-Oct-06	19-Oct-06	30	6
13	Nov-06	13-Oct-06	11-Nov-06	17-Nov-06	29	6
13	Dec-06	11-Nov-06	15-Dec-06	19-Dec-06	34	4
13	Jan-07	15-Dec-06	17-Jan-07	18-Jan-07	33	1
13	Feb-07	17-Jan-07	14-Feb-07	16-Feb-07	28	2
13	Mar-07	14-Feb-07	15-Mar-07	19-Mar-07	29	4
13	Apr-07	15-Mar-07	16-Apr-07	18-Apr-07	32	2
13	May-07	16-Apr-07	15-May-07	17-May-07	29	2
13	Jun-07	15-May-07	15-Jun-07	19-Jun-07	31	4
13	Jul-07	15-Jun-07	17-Jul-07	19-Jul-07	32	2
13	Aug-07	17-Jul-07	16-Aug-07	20-Aug-07	30	4
13	Sep-07	16-Aug-07	17-Sep-07	19-Sep-07	32	2
14	Oct-06	14-Sep-06	16-Oct-06	20-Oct-06	32	4
14	Nov-06	16-Oct-06	14-Nov-06	20-Nov-06	29	6
14	Dec-06	14-Nov-06	18-Dec-06	20-Dec-06	34	2
14	Jan-07	18-Dec-06	18-Jan-07	19-Jan-07	31	1
14	Feb-07	18-Jan-07	14-Feb-07	16-Feb-07	27	2
14	Mar-07	14-Feb-07	16-Mar-07	20-Mar-07	30	4
14	Apr-07	16-Mar-07	17-Apr-07	19-Apr-07	32	2

MDL Workpapers
Cash Working Capital Study

Narragansett Gas
Meter Read Dates and Billing Dates

Cycle	Billed	Prior	Read Date	Read Date	Bill Date	# Days	Billing
	Sales	Read Date				in Bill [1]	Lag [2]
14	May-07	17-Apr-07	16-May-07	18-May-07	29	2	
14	Jun-07	16-May-07	18-Jun-07	20-Jun-07	33	2	
14	Jul-07	18-Jun-07	18-Jul-07	20-Jul-07	30	2	
14	Aug-07	18-Jul-07	17-Aug-07	21-Aug-07	30	4	
14	Sep-07	17-Aug-07	18-Sep-07	20-Sep-07	32	2	
15	Oct-06	15-Sep-06	17-Oct-06	20-Oct-06	32	3	
15	Nov-06	17-Oct-06	15-Nov-06	21-Nov-06	29	6	
15	Dec-06	15-Nov-06	19-Dec-06	21-Dec-06	34	2	
15	Jan-07	19-Dec-06	19-Jan-07	22-Jan-07	31	3	
15	Feb-07	19-Jan-07	15-Feb-07	20-Feb-07	27	5	
15	Mar-07	15-Feb-07	19-Mar-07	21-Mar-07	32	2	
15	Apr-07	19-Mar-07	18-Apr-07	20-Apr-07	30	2	
15	May-07	18-Apr-07	17-May-07	21-May-07	29	4	
15	Jun-07	17-May-07	19-Jun-07	21-Jun-07	33	2	
15	Jul-07	19-Jun-07	18-Jul-07	20-Jul-07	29	2	
15	Aug-07	18-Jul-07	20-Aug-07	22-Aug-07	33	2	
15	Sep-07	20-Aug-07	19-Sep-07	21-Sep-07	30	2	
16	Oct-06	18-Sep-06	18-Oct-06	23-Oct-06	30	5	
16	Nov-06	18-Oct-06	16-Nov-06	22-Nov-06	29	6	
16	Dec-06	16-Nov-06	20-Dec-06	22-Dec-06	34	2	
16	Jan-07	20-Dec-06	22-Jan-07	23-Jan-07	33	1	
16	Feb-07	22-Jan-07	16-Feb-07	21-Feb-07	25	5	
16	Mar-07	16-Feb-07	20-Mar-07	22-Mar-07	32	2	
16	Apr-07	20-Mar-07	18-Apr-07	20-Apr-07	29	2	
16	May-07	18-Apr-07	18-May-07	22-May-07	30	4	
16	Jun-07	18-May-07	20-Jun-07	22-Jun-07	33	2	
16	Jul-07	20-Jun-07	19-Jul-07	23-Jul-07	29	4	
16	Aug-07	19-Jul-07	21-Aug-07	23-Aug-07	33	2	
16	Sep-07	21-Aug-07	19-Sep-07	21-Sep-07	29	2	
17	Oct-06	19-Sep-06	19-Oct-06	24-Oct-06	30	5	
17	Nov-06	19-Oct-06	17-Nov-06	24-Nov-06	29	7	
17	Dec-06	17-Nov-06	21-Dec-06	22-Dec-06	34	1	
17	Jan-07	21-Dec-06	23-Jan-07	24-Jan-07	33	1	
17	Feb-07	23-Jan-07	20-Feb-07	22-Feb-07	28	2	
17	Mar-07	20-Feb-07	21-Mar-07	23-Mar-07	29	2	
17	Apr-07	21-Mar-07	19-Apr-07	23-Apr-07	29	4	
17	May-07	19-Apr-07	21-May-07	23-May-07	32	2	
17	Jun-07	21-May-07	21-Jun-07	25-Jun-07	31	4	
17	Jul-07	21-Jun-07	20-Jul-07	24-Jul-07	29	4	
17	Aug-07	20-Jul-07	22-Aug-07	24-Aug-07	33	2	
17	Sep-07	22-Aug-07	20-Sep-07	24-Sep-07	29	4	

MDL Workpapers
Cash Working Capital Study

Narragansett Gas
Meter Read Dates and Billing Dates

Cycle	Billed Sales	Prior Read Date	Read Date	Bill Date	# Days in Bill [1]	Billing Lag [2]
18	Oct-06	20-Sep-06	20-Oct-06	25-Oct-06	30	5
18	Nov-06	20-Oct-06	20-Nov-06	24-Nov-06	31	4
18	Dec-06	20-Nov-06	22-Dec-06	26-Dec-06	32	4
18	Jan-07	22-Dec-06	24-Jan-07	25-Jan-07	33	1
18	Feb-07	24-Jan-07	21-Feb-07	23-Feb-07	28	2
18	Mar-07	21-Feb-07	22-Mar-07	26-Mar-07	29	4
18	Apr-07	22-Mar-07	20-Apr-07	24-Apr-07	29	4
18	May-07	20-Apr-07	22-May-07	24-May-07	32	2
18	Jun-07	22-May-07	22-Jun-07	26-Jun-07	31	4
18	Jul-07	22-Jun-07	23-Jul-07	25-Jul-07	31	2
18	Aug-07	23-Jul-07	23-Aug-07	27-Aug-07	31	4
18	Sep-07	23-Aug-07	21-Sep-07	25-Sep-07	29	4
19	Oct-06	21-Sep-06	23-Oct-06	26-Oct-06	32	3
19	Nov-06	23-Oct-06	21-Nov-06	27-Nov-06	29	6
19	Dec-06	21-Nov-06	26-Dec-06	27-Dec-06	35	1
19	Jan-07	26-Dec-06	25-Jan-07	26-Jan-07	30	1
19	Feb-07	25-Jan-07	21-Feb-07	23-Feb-07	27	2
19	Mar-07	21-Feb-07	23-Mar-07	27-Mar-07	30	4
19	Apr-07	23-Mar-07	23-Apr-07	25-Apr-07	31	2
19	May-07	23-Apr-07	23-May-07	25-May-07	30	2
19	Jun-07	23-May-07	25-Jun-07	27-Jun-07	33	2
19	Jul-07	25-Jun-07	24-Jul-07	26-Jul-07	29	2
19	Aug-07	24-Jul-07	24-Aug-07	28-Aug-07	31	4
19	Sep-07	24-Aug-07	24-Sep-07	26-Sep-07	31	2
20	Oct-06	22-Sep-06	24-Oct-06	27-Oct-06	32	3
20	Nov-06	24-Oct-06	22-Nov-06	28-Nov-06	29	6
20	Dec-06	22-Nov-06	27-Dec-06	28-Dec-06	35	1
20	Jan-07	27-Dec-06	26-Jan-07	29-Jan-07	30	3
20	Feb-07	26-Jan-07	22-Feb-07	26-Feb-07	27	4
20	Mar-07	22-Feb-07	26-Mar-07	28-Mar-07	32	2
20	Apr-07	26-Mar-07	24-Apr-07	26-Apr-07	29	2
20	May-07	24-Apr-07	24-May-07	29-May-07	30	5
20	Jun-07	24-May-07	26-Jun-07	28-Jun-07	33	2
20	Jul-07	26-Jun-07	25-Jul-07	27-Jul-07	29	2
20	Aug-07	25-Jul-07	27-Aug-07	29-Aug-07	33	2
20	Sep-07	27-Aug-07	25-Sep-07	27-Sep-07	29	2
21	Oct-06	25-Sep-06	25-Oct-06	30-Oct-06	30	5
21	Nov-06	25-Oct-06	24-Nov-06	29-Nov-06	30	5
21	Dec-06	24-Nov-06	28-Dec-06	29-Dec-06	34	1
21	Jan-07	28-Dec-06	29-Jan-07	30-Jan-07	32	1

MDL Workpapers
Cash Working Capital Study

Narragansett Gas
Meter Read Dates and Billing Dates

Cycle	Billed Sales	Prior Read Date	Read Date	Bill Date	# Days in Bill [1]	Billing Lag [2]
21	Feb-07	29-Jan-07	23-Feb-07	27-Feb-07	25	4
21	Mar-07	23-Feb-07	27-Mar-07	29-Mar-07	32	2
21	Apr-07	27-Mar-07	25-Apr-07	27-Apr-07	29	2
21	May-07	25-Apr-07	25-May-07	30-May-07	30	5
21	Jun-07	25-May-07	27-Jun-07	29-Jun-07	33	2
21	Jul-07	27-Jun-07	26-Jul-07	30-Jul-07	29	4
21	Aug-07	26-Jul-07	28-Aug-07	30-Aug-07	33	2
21	Sep-07	28-Aug-07	26-Sep-07	28-Sep-07	29	2

Average Billing Days **30.72**

Meter Reading Lag - midpoint of monthly service periods **15.36**

Average Billing Lag **3.20**

NATIONAL GRID-RI GAS
WEEKLY PAYROLL DATA

	1/ PAYROLL DATE	DAYS FROM YEAR END		1/ PAYROLL DATE	DAYS FROM YEAR END
10/05/2006	1	10/5/2006	0 2/	04/12/2007	171
10/12/2006	2	10/12/2006	353	04/19/2007	164
10/19/2006	3	10/19/2006	346	04/26/2007	157
10/26/2006	4	10/26/2006	339	05/03/2007	150
11/02/2006	5	11/2/2006	332	05/10/2007	143
11/09/2006	6	11/9/2006	325	05/17/2007	136
11/16/2006	7	11/16/2006	318	05/24/2007	129
11/24/2006	8	11/24/2006	310	06/01/2007	121
11/30/2006	9	11/30/2006	304	06/07/2007	115
12/07/2006	10	12/07/2006	297	06/14/2007	108
12/14/2006	11	12/14/2006	290	06/21/2007	101
12/21/2006	12	12/21/2006	283	06/28/2007	94
12/29/2006	13	12/29/2006	275	07/06/2007	86
01/05/2007	14	1/5/2007	268	07/12/2007	80
01/11/2007	15	1/11/2007	262	07/19/2007	73
01/18/2007	16	1/18/2007	255	07/26/2007	66
01/25/2007	17	1/25/2007	248	08/02/2007	59
02/01/2007	18	2/1/2007	241	08/09/2007	52
02/08/2007	19	2/8/2007	234	08/16/2007	45
02/15/2007	20	2/15/2007	227	08/23/2007	38
02/23/2007	21	2/23/2007	219	08/30/2007	31
03/01/2007	22	3/1/2007	213	09/06/2007	24
03/08/2007	23	3/8/2007	206	09/13/2007	17
03/15/2007	24	3/15/2007	199	09/20/2007	10
03/22/2007	25	3/22/2007	192	09/27/2007	3
03/29/2007	26	3/29/2007	185	10/04/2007	(4) 3/
04/05/2007	27	4/5/2007	178	10/11/2007	(2) 4/
04/12/2007	28				
04/19/2007	29	Average Payroll Date to Year End			<u>173.91</u>
04/26/2007	30				
05/03/2007	31				
05/10/2007	32	SERVICE PERIOD	DAYS FROM YEAR END	AVERAGE DAYS FROM YEAR END	
05/17/2007	33				
05/24/2007	34				
06/01/2007	35	10/31/2006	09/30/2007	334	
06/07/2007	36	11/30/2006		304	
06/14/2007	37	12/31/2006		273	
06/21/2007	38	01/31/2007		242	
06/28/2007	39	02/28/2007		214	
07/06/2007	40	03/31/2007		183	
07/12/2007	41	04/30/2007		153	
07/19/2007	42	05/31/2007		122	
07/26/2007	43	06/30/2007		92	
08/02/2007	44	07/31/2007		61	
08/09/2007	45	08/31/2007		30	
08/16/2007	46	09/30/2007		0	
08/23/2007	47				
08/30/2007	48				
09/06/2007	49				
09/13/2007	50				
09/20/2007	51				
09/27/2007	52				
10/04/2007	53				
	54				
	55	Average End of			
	56	Service Period Date	<u>2,008</u>	/12 =	<u>167.33</u>
	57				
	58				
	59	Average Payroll Date to Year End	=		173.91
	60	Average Service Period Days from Year End =			<u>-167.33</u>
	61	Days from Average Payroll Date for			
	62	Average End of Service Period	=		<u>6.58</u>
	63				
	64		CUSTOMER		
	65	DAYS OF ANNUAL	PAYMENT		
	66	<u>COST</u> <u>PERCENT</u>	<u>LAG %</u>	<u>CWC %</u>	
	67				
	68	6.58	1.80%	13.64%	15.44%

1/ Weekly payroll is dated Thursday for the work week ending the prior Saturday (e.g. 10/12/06 for week ending 10/07/06). In Holiday weeks, checks are dated on Friday.
2/ Payroll for work week ended 09/30/2006, thus 0 test year work days (i.e. 0/7's) included.
3/ Payroll for work week ended 09/29/2007, thus 7 test year work days (i.e. 7/7's) included.
4/ Payroll for work week ended 10/06/2007, thus 1 test year work days (i.e. 1/7's) included.