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**State of Rhode Island and Providence Plantations  
Rhode Island Public Utilities Commission**

|                                    |   |                     |
|------------------------------------|---|---------------------|
|                                    | ) |                     |
| Narragansett Electric Company      | ) | R.I.P.U.C. No. 2930 |
| Blackstone Valley Electric Company | ) |                     |
| Newport Electric Corporation       | ) |                     |
|                                    | ) |                     |

**Third Amended Stipulation and Settlement**

The Narragansett Electric Company (“Narragansett” or “Company”), Blackstone Valley Electric Company (“BVE”), and Newport Electric Corporation (“Newport”) (collectively “Companies”) enter into this Stipulation and Settlement (“Settlement”) with the Division of Public Utilities and Carriers (“Division”), the Department of the Attorney General (“Attorney General”), The National Grid Group, plc, and The Energy Council of Rhode Island (“TEC-RI”) (collectively, the “Parties”), to resolve all issues arising in this Docket 2930.<sup>1</sup>

**1. Merger of the Operating Companies**

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<sup>1</sup> The Department of the Navy is not a party to this agreement, but have represented that they do not oppose the approval of the Settlement.

For purposes of this Settlement, it is assumed by the Parties that Newport and BVE will merge with and into Narragansett. The Attorney General and TEC-RI agree to support the Petition of the Companies in Division Docket D-99-12, for authorization to consummate such merger, and the advocacy section of the Division and the Attorney General agree to withdraw any opposition to Division approval in that docket. References in this Settlement to “customers” refer to all customers located in the service territories of Narragansett, BVE, and Newport, unless expressed otherwise.

**2. Rate Reductions and Rate Design**

- (a) As of the Rate Consolidation Date, defined below, Narragansett shall implement a set of rate reductions totaling \$13.1 million. This set of reductions consists of a reduction in consolidated distribution rates that are approximately \$12.4 million less than the combined distribution revenues of the three Companies, plus a reduction in annual contract termination charge expenses equal to an initial annualized amount of approximately \$700,000, implemented in the manner described in paragraph (d) below. The first \$8.7 million of the distribution revenue reduction will be applied to fully consolidate Newport and BVE distribution rates to Narragansett rates and lower the current distribution rate of the Department of the Navy rate by approximately \$734,000. The next \$400,000 of distribution revenue reduction will be applied to fund

rate design mechanisms that are intended to “hold harmless” all Newport and BVE customers from distribution rate increases resulting from the rate consolidation through December 31, 2004, as described in Exhibit 1. The next \$600,000 will be used to fund expansion of the low income rate. The remaining amount of distribution revenue reduction of approximately \$2.7 million will be applied as a uniform per kWh “Settlement Credit” on all customer bills.

- (b) Certain of the “hold harmless” rate design mechanisms, as identified in Exhibit 1, shall expire on December 31, 2004.
- (c) The “Settlement Credit” will remain in effect after December 31, 2004 unless the Company has made a filing and showing with the Commission in 2004 resulting in a Commission finding that the Company’s return on equity was less than 10.5% in 2003 on an historical test year basis, as adjusted to reflect established Commission ratemaking principles and to incorporate any other normalizing adjustments as may be appropriate. However, there will be no adjustments to actual results to recognize or annualize known and measurable changes. In the case resulting from such filing, the Company must meet the same burden of evidentiary proof as occurs in a cost of service rate case, subject to the usual review of the Commission and permitted evidentiary challenges by the Division and other intervenors. No allowance for the Company’s

share of savings will be permitted in the calculation of earnings in this filing. If the Company meets its burden, the "Settlement Credit" will expire on December 31, 2004. If the "Settlement Credit" does not expire, it shall remain in effect until new distribution rates are established through the Company's first cost of service rate case.

- (d) The reduction in contract termination charge expenses will occur by lowering the return earned on fixed costs in the contract termination charge formula set forth in the service agreement between Montaup Electric Company, Blackstone Valley Electric, and Newport Electric. The return will be lowered to the same return as earned by New England Power Company in the contract termination charge formula set forth in the service agreement between New England Power Company and Narragansett Electric. An appropriate filing shall be made at FERC to implement this provision.

**3. Definition of "Rate Consolidation Date"**

- (a) For purposes of this Settlement, the term "Rate Consolidation Date" refers to the date upon which the terms of this Settlement shall go into effect, which shall be the last to occur of the following:
  - (i) the first cycle of the billing month following the day that the Companies notify the Commission and the Parties in writing that all modifications to the customer

billing and metering systems necessary for the consolidation of rates have been completed;

- (ii) the first cycle of the billing month following a written order by the Division approving the merger of the operating companies in Docket D-99-12 (“Division Merger Approval”); or
- (iii) the first cycle of the billing month following a written order by the Commission approving this Settlement (“Commission Settlement Approval”).

- (b) Rates going into effect on the Rate Consolidation Date shall be on a bills rendered basis.

**4. Monthly Credits for Delayed Implementation of Rate Consolidation**

- (a) If Division Merger Approval has been received by February 25, 2000 and Commission Settlement Approval has been received by March 1, 2000, but the Rate Consolidation Date does not occur by April 1, 2000, the Companies will provide a credit for the benefit of customers equal to \$1 million per month until the Rate Consolidation Date occurs, as provided below, beginning with the month of April. The \$1 million credit (net of taxes) will be applied by reducing the deferred tax deficiency of BVE and Newport that will otherwise exist following the merger. For purposes of

this Section 4, Division Merger Approval and Commission Settlement Approval must be through a written order.

- (b) If (i) Division Merger Approval is not received by March 1, 2000, but is received before March 15, 2000 or (ii) Commission Settlement Approval is not received by March 1, 2000, but is received by March 30, 2000, Narragansett will be required to provide a credit of \$500,000 (net of taxes) for the first month for a delay in the Rate Consolidation Date beyond April 1 and \$1 million (net of taxes) per month thereafter.
- (c) If either the Division Merger Approval or Commission Settlement Approval is not received by March 15, 2000 and March 30, 2000, respectively, Narragansett will be required to provide a credit of only \$500,000 (net of taxes) for each month for a delay in the Rate Consolidation Date beyond April 1; provided, however, once all necessary regulatory approvals for the merger of EUA and NEES have been obtained (including Division Merger Approval, Commission Settlement Approval, approval of the Massachusetts Department of Telecommunications and Energy, and the approval by the Securities and Exchange Commission), the Company will be required to provide a credit of \$1 million per month (net of taxes) if the Rate Consolidation Date has not been achieved on the first billing cycle of the month thirty days after receipt of the final order providing the last outstanding approval necessary for the merger of EUA and NEES.

- (d) For every \$500,000 of credits applied pursuant to this Section to reduce the deferred tax deficiency of BVE and Newport that will otherwise exist following the merger, the Company will increase the amount of incremental costs borne by the Company for the expansion of the low income rate referenced in Section 20 by \$40,000.

**5. Rates, Tariffs, and Terms & Conditions for Service**

- (a) The rates reflected on the cover sheets for all of the rates and tariffs included in Exhibit 2 will take effect for billings to all customers on and after the Rate Consolidation Date. The new Narragansett rates G-22 and N-01, as well as amended tariffs A-32 and A-60, each of which are included in Exhibit 3, will take effect for billings on and after the Rate Consolidation Date. All the terms of the other pre-existing rates referenced in Exhibit 2 shall remain the same as currently effective for Narragansett. All of Narragansett's terms and conditions for service which are in effect as of the Rate Consolidation Date shall apply to all customers, including terms and conditions for customers and nonregulated power producers. A copy of the Terms and Conditions applicable to customers, that will go into effect on the Rate Consolidation Date, is attached as Exhibit 8, marked to show changes from those currently in effect. The effect of the rate consolidation will be to have one set of rates, tariffs, terms, and

conditions applying to all customers and to terminate all rates, tariffs, terms, and conditions previously in effect for BVE and Newport.

- (b) Customers currently grandfathered on the Company's Auxiliary Service tariffs shall remain grandfathered on that tariff through the end of the Rate Freeze Period.

**6. Distribution Rate Freeze**

**(A) Rate Freeze Period**

From the Rate Consolidation Date through the end of calendar year 2004 ("Rate Freeze Period"), the distribution component of Narragansett's rates reflected in Exhibit 2 shall be frozen, subject only to the exogenous events defined below ("Exogenous Events").<sup>2</sup> During the Rate Freeze Period, the Companies will adjust distribution rates by a uniform per kWh factor as a result of any of the Exogenous Events, subject to subsection (C) below.

**(B) Exogenous Events**

- (1) State Initiated Cost Change: Narragansett shall adjust its distribution rates (upward or downward) if the occurrence of a "State Initiated Cost Change", as defined below, causes (in the aggregate) a change in the Narragansett's

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<sup>2</sup> Gross receipts taxes during the Rate Freeze Period shall be directly reflected on the tariff sheets and customer bills, whether higher or lower than that which was in effect at the beginning of the Rate Freeze Period.

revenue requirement by more than \$375,000. For purposes of this Settlement, the term “State Initiated Exogenous Change” shall mean:

(i) the enactment or promulgation of any new or amended state or local tax laws, regulations, or precedents governing income, revenue, sales, franchise, or property taxes or any new or amended state or locally imposed fees (but excluding the effects of annual changes in local property tax rates and revaluations);

(ii) the elimination of any existing state or local tax or fee obligations; and

(iii) any state legislative or state regulatory mandates which impose new obligations, duties or undertakings, or remove existing obligations, duties, or undertakings which individually decrease or increase Narragansett’s costs.

(2) Federally Initiated Cost Change: Narragansett shall adjust its distribution rates (upward or downward) if the occurrence of a “Federally Initiated Cost Change”, as defined below, causes (in the aggregate) a change in the Narragansett’s revenue requirement by more than \$750,000. For purposes of this Settlement, the term “Federally Initiated Cost Change” shall mean:

(i) any externally imposed changes in the federal tax rates, laws, regulations, or precedents governing income, revenue, or sales taxes or any changes in federally imposed fees; and

(ii) any federal legislative or federal regulatory mandates which impose new obligations, duties or undertakings, or remove existing obligations, duties, or undertakings which individually decrease or increase Narragansett's costs.

(3) Regulatory Cost Reallocation: The distribution rates reflected in this Settlement during the Rate Freeze Period are based on the separation of costs among supply, transmission, and distribution functions in place on the date of the Settlement. If a "Regulatory Cost Reallocation", as defined below, causes a change in Narragansett's revenue requirement by more than \$500,000, Narragansett will make an appropriate adjustment to its distribution rates to reflect such change or allocation. For purposes of this Settlement, the term "Regulatory Cost Reallocation" shall mean the reassignment of costs and/or revenues now allocated to generation, transmission, or distribution functions to or away from the distribution function by the Commission, FERC, NEPOOL, the ISO or any other official agency having authority over such matters.

- (4) Excessive Inflation: If the average rate of inflation from January 1, 2000 through 2002, measured by annual changes in the “Gross Domestic Product Implicit Price Deflator” (“GDPIPD”), exceeds 4%; or such average annual rate of inflation from January 1, 2000 through 2003 exceeds 4%, Narragansett will be allowed, pursuant to the procedure below, an increase in its distribution revenues in years 2003 and/or 2004, respectively, equal to the amount by which such average inflation rate exceeds 4%. In calculating the amount of the allowed increase, an adjustment to the distribution cost of service used in the calculation shall be made to remove depreciation before multiplying the allowed percentage against distribution revenue.

**(C) Procedure for Adjusting Rates During Rate Freeze Period.**

- (1) Procedure. If any of the Exogenous Events described above occur during the Rate Freeze Period, Narragansett shall file for adjustments no later than December 31 of the year in which the event(s) occurred. If Narragansett has not made a filing, the Division and other Parties have the right to make a filing on their own to open a proceeding if the Division or other Parties believe an Exogenous Event has occurred that should result in a rate decrease. Any

adjustments shall be subject to review by the Commission, and after a public hearing and approval by the Commission, shall be implemented for usage on and after April 1 of the following year (unless suspended by the Commission) and shall be collected through a uniform and fully reconciling surcharge or refund factor applied to all kilowatt-hours billed under Narragansett's retail delivery rates. Any such filings are limited to once per calendar year, provided that any costs incurred or avoided from such Exogenous Events shall be deferred for consolidation in the single filing. However, when accumulated deferred costs reach \$1 million, the total cost shall accrue interest at the customer deposit rate from such time until recovered in rates. In instances where the total accrued costs are less than \$1 million and the effective date of the adjustment is suspended beyond April 1, the Company shall be entitled to accrue interest at the customer deposit rate for the accumulated deferred costs (even though less than \$1 million) from April 1 until cost recovery is allowed. In any proceeding under this subsection, the Party claiming that there should be a rate modification resulting from the occurrence of an Exogenous Event shall carry the burden of proving the occurrence and the cost impact. The Company will file a certification with the Commission by February 1 of each year during

the Rate Freeze Period, with copies to the Parties, certifying that, to the best of the Company's knowledge and belief, there have been no occurrences of Exogenous Events except as identified in the certification.

- (2) Earnings Limit. If and when the Company makes a filing seeking an adjustment that increases rates under this section, if the average intrastate return on equity of the Company, calculated using the same methodology as set forth in Section 11(A) below, for the time period from January 1, 2000 to the end of the last quarter prior to the date of the filing for such adjustment, exceeds 12.00%, the Company will not be permitted to make a rate adjustment until the average return has dropped below 12.00%. If and when the average return drops below 12.00%, the Company may only recover costs on a prospective basis.

**(D) Traditional Cost of Service Ratemaking After the Rate Freeze Period**

After the Rate Freeze Period, no special adjustments to distribution rates for Exogenous Events, as described in this Section, shall be permitted.<sup>3</sup> Except for the expiration of the Settlement Credit (if applicable) and the expiration of certain of the "hold harmless" rate

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<sup>3</sup> Any Exogenous Event adjustments made during the Rate Freeze Period will remain in rates through the completion of the Company's first COS rate case. However, no future adjustments will be permitted after the Rate Freeze Period.

design mechanisms referred to in Exhibit 1, distribution rate changes (other than rate changes governed by Commission-approved reconciliation adjustment provisions) may occur under traditional cost of service principles, consistent with Rhode Island law. As such, the Company is permitted to file a cost of service rate case to change distribution rates for usage on or after January 1, 2005,<sup>4</sup> if the Company believes it has or will have a revenue deficiency for the applicable rate year. The Parties also have the right to file a complaint with the Commission requesting the Commission require a cost of service review to reduce distribution rates on or after January 1, 2005 if the Parties believe that the Company has or will have a revenue excess. In any cost of service case, whether commenced by a filing of the Company, a complaint, or on the Commission's initiative, the Company may include an allowance for its share of savings, to the extent permitted by Section 8 of this Settlement.

**(E) Non-rate Charges Not Limited by Settlement**

- (1) Other Fees and New Services. The distribution rate freeze set forth in this Section shall not preclude Narragansett from proposing to increase fees relating to line extensions or other existing fees that are subject to Commission approval. In addition, the Company is not precluded from increasing pole

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<sup>4</sup> A filing may be made in 2004 to change rates for usage on and after January 1, 2005.

attachment fees and other telecommunication-related fees referenced in Section 17 below. In addition, this Settlement does not preclude Narragansett from proposing new services for customers or nonregulated power producers for fees, provided any such fees are approved by the Commission. All revenue resulting from any increases in such fees and implementation of new fees shall be reflected above the line in the calculation of Narragansett's annual earnings reports (subject to provisions of Section 17 below).

- (2) Terms and Conditions. Nothing in this Settlement shall preclude Narragansett from proposing changes to the provisions of its terms and conditions for customers and nonregulated power suppliers or the non-rate related provisions of its rates and tariffs.

**7. Exclusion of Merger Acquisition Costs from Rates; Imputed Capital Structure**

**(A) Exclusion**

For purposes of cost of service and ratemaking, (1) the amortization of acquisition premiums and transaction costs from the NEES/EUA and NEES/National Grid mergers shall be excluded from rates, and (2) all unamortized acquisition premiums and transaction costs shall be excluded from Narragansett's rate base and Narragansett's rate base shall continue to be based on

original cost of plant devoted to public service less depreciation. For purposes of this paragraph, the term “transaction costs” includes all employee separation costs resulting from the mergers.

**(B) Imputed Capital Structure**

Because the Company’s actual equity as shown for financial accounting purposes will be affected by Narragansett’s recording of an acquisition premium and transaction costs on its financial statements as a result of both the NEES/EUA and NEES/National Grid mergers, the Company agrees to use an imputed capital structure for ratemaking purposes until the end of the Rate Freeze Period or the conclusion of the first COS rate case, which ever occurs later.

Until the Commission issues an order establishing new rates at the conclusion of the Company’s first COS rate case, the Company shall use the imputed capital structure and associated cost rates shown below to calculate its return and income taxes for ratemaking purposes, including:

(i) earnings reports under Section 11, (ii) savings calculations under Section 8, (iii) expiration of the Settlement Credit under Section 2(c) and (iv) the triggers for Exogenous Events under Section 6(C)(2). The imputed capital structure and costs shall be as follows:

|           |     |       |
|-----------|-----|-------|
| debt      | 45% | 7.81% |
| preferred | 5%  | 5.20% |

common equity      50%    10.50%<sup>5</sup>

All Parties reserve their rights to take any position regarding what the appropriate capital structure and cost rates should be in any rate case establishing rates after the Rate Freeze Period.

**8.      Incentive-Based Merger Savings Plan**

A properly structured incentive based rate plan can align the interests of the Company and its customers by establishing appropriate incentives to maximize merger related savings for the benefit of the Company and its customers. To that end, the Parties agree that provable cost savings achieved by the Company shall be shared between the Company and customers as described in this section, according to the savings determination formula, verification mechanisms, and reopener provisions described below.

**(A)      Savings Proof Filed either in 2002 or 2003**

(1)      Filing. The Company will file in 2002 or 2003 a cost of service (“COS”) for either 2001 or 2002 (the “measurement year”), at its option, using calendar year cost data on an historic test year basis for the most recent calendar year. For the purpose of

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<sup>5</sup> The 10.5% common equity return imputation applies only for the savings calculations under Section 8, since the Earnings Reports, the calculation under Section 2(c), and Exogenous Events triggers require a calculation of that return.

this COS filing, actual measurement year results will be adjusted to reflect established Commission ratemaking principles and to incorporate any other normalizing adjustments as may be appropriate. However, there will be no adjustments to actual results to recognize or annualize known and measurable changes. Any party in the savings proof proceedings may contend that the measurement year COS should be adjusted upward or downward based on the occurrence of any “Exogenous Events” (as defined in subsections 6(B)(1)(2)&(3)) in order to avoid having the merger-related savings be artificially inflated or deflated by such events, with the burden of proof on the party making the contention.

(2) Imputed Capital Structure and Costs. In the measurement year COS filing, Narragansett shall use the capital structure and associated cost rates to calculate its return and income taxes as provided in Section 7(B).

(3) Measurement of Savings. Achievement of savings shall be measured by subtracting the distribution measurement year COS revenue requirement described in (1) above from the adjusted Benchmark COS. For the purpose of this section, the adjusted Benchmark COS shall mean, the “Benchmark COS” (\$210,000,000, which amount does not incorporate the effect of any merger related savings) escalated by 50% of the change in the “GDPIPD” from 2000 through the measurement year, plus

the escalated Benchmark COS times 30% of the growth in the weather normalized measurement year KWH sales from the year 2000 KWH sales. For the purpose of this calculation, the year 2000 KWH sales are 7,098,202,000 KWH. Exhibit 4a shows the formula for measuring savings and provides an illustrative example of the calculation of savings in 2002 or 2003.

(4) Sharing of Savings. The measurement year COS will not be used to adjust rates. Rather, its sole purpose will be to determine the amount of savings that have been achieved. Fifty percent (50%) of the savings calculated in (3) above, escalated by 50% of the cumulative change in the “GDPIPD” until the “Second Savings Verification” described in subsection (B) below, will be allowed as an expense in COS filings made to change rates on or after January 1, 2005 and included in earnings reports for all years after the Rate Freeze Period until the end of 2019, subject to the savings verification described in subsection (B) below and the reopener provisions described in subsection (C) below.

(5) Burden of Proof. For purposes of this subsection, the Company must meet the same burden of evidentiary proof as occurs in a cost of service rate case, subject to the usual review of the Commission and permitted evidentiary challenges by the Division and other intervenors.

**(B) Second Savings Verification by 2007.**

The Company will be required to verify the existence of the savings proven in the filing referenced in subsection (A) above, using the same basic methodology as described therein. This “second savings proof” will occur in the first COS rate case filed by the Company that reflects an historic test year that is no less than two years after the test year used for the first savings proof. In such second savings proof occurring through a COS rate case filing, the methodology reflected in Exhibit 4b (which uses the rate year in the COS filing) shall apply. If the second savings proof has not occurred by April 30, 2007, the Company will be required to make a filing by such date solely for purposes of verifying savings. If the second savings proof does not occur through a COS rate case, the methodology reflected in Exhibit 4c shall apply. Fifty percent of the savings proven (not exceeding that which was proven through subsection (A) above, as escalated) will be fixed and allowed in each COS through 2019, subject to the reopener provisions of subsection (C) below. If the savings are lower than that which was proven in the first savings proof (escalated as provided in Section 8(A)(4) above), then such lower value will be used. For purposes of this subsection, the Company must meet the same burden of evidentiary proof as occurs in a cost of service rate case, subject to the usual review

of the Commission and permitted evidentiary challenges by the Division and other intervenors. If the Company files a COS rate case in 2004 to change rates for usage on and after January 1, 2005 and such case would not otherwise trigger the "Second Savings Verification", the Parties shall have the option to propose and the Commission shall have the authority to order that the "Second Savings Verification" take place in that proceeding.

**(C) Reopener on Proof of Savings**

The savings determined under subsection (A) and (B) above shall be final and conclusive provided that rates remain below certain inflation-based thresholds described below. If rates rise above the thresholds, then the reopener provisions described below shall apply. The thresholds described below do not establish a right for the Company to raise its rates to either of the threshold levels. The thresholds only determine whether the Company may include a share of the merger savings in any given cost of service rate case filed after the Rate Freeze Period. The application of these thresholds is set forth below:

**(1) Definitions**

For purposes of this subsection (C), the following terms shall have the meanings given:

- (a) "Revenue Change" is defined as the resulting change in revenues, for the specified rate year, produced by a change in distribution rates from the

distribution rates then in effect, but excluding the following: (i) the increase in distribution rates resulting from the expiration of the Settlement Credit at the end of the Rate Freeze Period, if applicable, (ii) the increase in distribution revenues resulting from the partial expiration of “hold harmless rate design” mechanisms after the Rate Freeze Period, (iii) any increases relating to the recovery of costs associated with the expansion of the low income rate, and (iv) 75% of the increase resulting from a COS rate case filed in 2004, if any, for rate changes going into effect on or after January 1, 2005.

(b) "Percentage Revenue Change" is defined as 100 times the Revenue Change divided by the revenues that would be produced, in the specified rate year, by the rates then in effect prior to the Revenue Change.

(c) "Cumulative Percentage Revenue Change" equals the sum of all Percentage Revenue Changes.

(d) "Reopener Index" shall be 1.9% per year from January 1, 2005 through December 31, 2009. Thereafter, it shall be 80% of the annual change in the “GDPIPD”.

(e) "Cumulative Reopener Index" equals the sum of the Reopener Indices for each year.

(2) **Reopener Thresholds**

(a) **Reopener Threshold (through 2014)**: If at the time of any cost of service rate case filed by the Companies after 2004 and before 2015, the Cumulative Percentage Revenue Change exceeds or will exceed the Cumulative Reopener Index for the years which have elapsed since December 31, 2004, Narragansett shall be required to include in its cost of service case filed with the Commission evidence regarding the continued existence of savings to Narragansett resulting from the acquisition of EUA by NEES or the acquisition by NEES or its parent company of other utility companies. The parties to this Settlement will have the right to offer evidence disputing the presence of such savings. If the Commission concludes that the savings are less than the amount included in the cost of service, the savings included in the cost of service shall be reduced to the amount determined by the Commission.

(b) **"GDPIPD" Threshold (through 2014)**: Until the end of 2014, if at the time of the cost of service review referred to in subsection (C)(2)(a) above, the Cumulative Percentage Revenue Change exceeds or will exceed the cumulative change in the "GDPIPD" ("Line B" in Exhibit 5) from December 31, 1999, the

portion of the shared savings that causes the applicable index to be exceeded will be excluded from the cost of service until such time as the Cumulative Percentage Revenue Change is less than or equal to the change in the “GDPIPD”.<sup>6</sup> However, if the Company can demonstrate that the reason why the “GDPIPD” referenced above was exceeded was a result of cost increases caused by “State Initiated Cost Changes”, “Federally Initiated Cost Changes”, or “Regulatory Cost Reallocations”, as defined in Section 6 above, the Company may be entitled to prove the continued existence of savings, as provided in subsection (a) above.

(c) **Reopener Threshold (after 2014)**: After 2014, if the Cumulative Percentage Revenue Change exceeds or will exceed the Cumulative Reopener Index for the years that have elapsed since December 31, 2004 as a result of Revenue Changes going into effect on or after January 1, 2015, the portion of the shared savings that causes the index to be exceeded will be permanently excluded from the cost of service. However, if the Company can demonstrate that the reason why this index was exceeded was a result of cost increases

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<sup>6</sup> Any portion of the savings below the GDPIPD index is subject to the Company proving the continued existence of the savings, as provided in subsection (a).

caused by “State Initiated Cost Changes”, “Federally Initiated Cost Changes”, or “Regulatory Cost Reallocations”, as defined in Section 6 above, the Company may be entitled to prove the continued existence of savings, as provided in subsection (a) above.

(d) The implementation of these reopener provisions is illustrated by the examples shown in Exhibit 5 to this Settlement.

(e) For purposes of subsections (a), (b), and (c) above, the Company must meet the same burden of evidentiary proof as occurs in a cost of service rate case, subject to the usual review of the Commission and permitted evidentiary challenges by the Division and other intervenors.

**9. New Depreciation Rates and Tax Normalization**

Commencing on the Rate Consolidation Date, the Companies will implement the new depreciation rates described in the Pre-Filed Testimony of David M. Webster without the special distribution rate surcharge proposed in the Companies’ original filing in this Docket. In addition,

Narragansett will cease the flow through of tax deductions relating to the cost of removal and the Companies will begin fully normalizing for all book/tax timing differences.<sup>7</sup>

**10. Funding of Deficiency in Reserve for Deferred Taxes**

Narragansett has received from New England Power Company (“NEP”) a lump sum credit to its Contract Termination Charge (“CTC”) account equal to \$17.5 million. The Parties agree that Narragansett shall apply such amount (net of taxes payable on such monies) to reduce Narragansett’s deficiency in its reserve for deferred taxes. The Parties further agree that through December 31, 2004, the first \$5 million of certain CTC reconciliation adjustments received by Narragansett from NEP pursuant to the Amendment to Service Agreement contained in the NEP/Narragansett Wholesale Settlement in FERC Docket 97-680-000 (the Wholesale Settlement) shall be retained by Narragansett and applied (net of taxes payable on such monies) to further reduce the deficiency. The source of such retained CTC reconciliation adjustments will be limited to recoveries from third parties, pursuant to section 1.2.2(g) of Appendix 1 to the Wholesale Settlement, and the proceeds from future asset sales, referenced in section 1.1.4(d) of the Wholesale Settlement. In Narragansett’s first COS rate case filed to change rates after the Rate Freeze Period, the Company will be permitted to recover the

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<sup>7</sup> For purposes of this Settlement, the Parties agree that current accounting treatment of equity AFDC, ITC amortization, and ITC basis adjustments shall remain unchanged and, as a result, not be considered book/tax timing differences.

remaining deficiency in such COS rate case by amortizing it over a period such that the revenue requirement of the annual amortization does not exceed \$1 million, provided that the amortization shall not be less than five years.

**11. Earnings Reports**

**(A) Rate Freeze Period.**

The Company will be required to file annual earnings reports with the Commission by May 1 of each year during the Rate Freeze Period. Copies also will be filed with all Parties. These reports will be filed for informational purposes. The determination of whether the Company has exceeded its allowed rate of return on equity will be made at the end of the Rate Freeze Period. Specifically, by May 1, 2005, Narragansett shall file an earnings report with the Commission, calculating the five year average return on equity on intrastate earnings for the period commencing January 1, 2000 through December 31, 2004. For purposes of calculating return and income taxes, Narragansett shall use the imputed capital structure and associated costs of capital set forth in subsection 7(B) above; provided, however, if Narragansett's actual average common equity ratio falls below 50% for any of the five years during the Rate Freeze Period, any party may contend that the use of the average actual capital structure for the five year

period is more reasonable than the use of the imputed actual capital structure.<sup>8</sup> For purposes of this five year average earnings report, the allowed return on equity shall be 10.5%. For purposes of these earnings reports, results will be adjusted to reflect established Commission ratemaking principles. However, there will be no adjustments to actual results to recognize or annualize known and measurable changes. The return on common equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base. The common equity applicable to rate base shall be calculated by multiplying the common equity ratio required by this subsection by rate base. Any accumulated earnings up to and including 150 basis points over such allowed return on equity may be retained by the Company. Any earnings from 150 to 250 basis points shall be shared 50% with customers and 50% for the Company. Any earnings over 250 basis points shall be shared 75% with customers and 25% for Narragansett. The customers' share will be credited to customers through the procedure described in subsection (C) below. During the Rate Freeze Period, earnings reported will not include an allowance for shared savings.

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<sup>8</sup> The Company will use a five quarter average for determining rate base and equity in the earnings calculation for earnings reports during and after the Rate Freeze Period.

**(B) Post-Rate Freeze.**

After the Rate Freeze Period, Narragansett will file annual earnings reports for each year (commencing with the year 2005) showing the Company's return on equity on intrastate earnings.<sup>9</sup> Copies will be filed with all Parties. Such filings shall be made no later than May 1 of the succeeding year. Narragansett shall be allowed to include its share of merger savings allowed pursuant to the terms of Section 8 above in the calculation of earnings. For purposes of these earnings reports, results will be adjusted to reflect established Commission ratemaking principles. However, there will be no adjustments to actual results to recognize or annualize known and measurable changes. Until the completion of Narragansett's first COS rate case, the Company will use the imputed capital structure and cost rates set forth in subsection 7(B) above; provided, however, that if the actual equity ratio is less than 50% during the period under review, any party may contend that the use of the average actual capital structure is more reasonable than the use of the imputed capital structure. After the first COS rate case, the Company shall use the capital structure and cost rates approved by the Commission in such case. The return on common equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base. The common equity applicable

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<sup>9</sup> The earnings report requirements set forth in this Settlement are in addition to any other earnings report requirements that may be required by the Commission.

to rate base shall be calculated by multiplying the common equity ratio required by this subsection by rate base. Any accumulated earnings over the Company's allowed rate of return, up to and including 100 basis points, shall be shared 50% with customers and 50% for the Company. Any earnings over 100 basis points shall be shared 75% with customers and 25% for the Company. The customers' share will be credited to customers in accordance with the procedure identified in subsection (C) below.

**(C) Crediting Mechanism**

Prior to proposing a method of crediting customers for the customers' share of earnings above the earnings thresholds, the Companies will consult with the Parties to propose a mutually acceptable method. Any credits to customers pursuant to this subsection will be filed with the Commission for Commission review and approval.

**12. Environmental Response Fund**

An Environmental Response Fund shall be established to create a mechanism to fund the recovery of "Environmental Response Costs", as defined below.

- (A) Definition of “Environmental Response Costs”. “Environmental Response Costs” are all the reasonable and prudently incurred costs associated with remedial and clean-up obligations of Narragansett, BVE, and Newport arising out of the Companies’ or their predecessors’ utility-related ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants. A list of the locations is provided in Exhibit 9 to this Settlement. In addition to actual remedial and clean up costs, “Environmental Response Costs” also include costs of acquiring property associated with the clean up of such sites as well as litigation costs, claims, judgments, and settlements associated with such sites. The Company will use best efforts to satisfy its obligation to minimize the Environmental Response Costs charged to the fund consistent with applicable regulatory requirements and sound environmental policies and to minimize litigation costs that may arise. Any applicable insurance proceeds shall be credited to the fund. To the extent the Company incurs any other extraordinary environmental liability of which it is not aware as of the date of this Settlement, the Company has the right to request the Commission to allow such costs incurred in connection with such extraordinary events to be included as “Environmental Response Costs”.

- (B) Funding. Interest shall accrue, for the benefit of customers, on any credit balances in the fund at the customer deposit rate. No interest shall accrue on debit balances. Any cash expenditures shall be charged to the fund as long as the costs that are or have been incurred are Environmental Response Costs, as defined above. The fund shall be credited at the annual amount of \$878,000 (the current amount reflected in rates for amortization of such costs) or \$73,167 per month.
- (C) Annual Reports. Narragansett will file an annual report with the Commission (and serve the Parties with copies) providing a summary and accounting of all costs incurred during such year which have been applied to the fund. Each of the Parties reserve their rights to review and challenge any costs that they believe do not fall within the definition of “Environmental Response Costs”, as defined in subparagraph (A) above.
- (D) Reservation of Rights. In the Company’s first COS rate case to establish rates after the Rate Freeze Period, all Parties to this Settlement reserve their rights to take any position they deem appropriate regarding (i) the level of funding to be permitted in rates on a prospective basis to recover costs charged to the fund as of the date of such case, and/or (ii) whether the fund should continue as designed in this Settlement for the recovery of prospective costs.

**13. Storm Contingency Fund**

The Parties agree that Narragansett's Storm Contingency Fund, as consolidated, shall have an annual funding level of \$1,041,000 (subject to Section 17); a threshold of \$580,000 (which escalates each year in accordance with Commission rules); and a deductible of \$375,000.

**14. Transmission Rates**

On the Rate Consolidation Date, base transmission rates will be consolidated, making all customers subject to the same set of transmission rates, as reflected in Exhibit 2. However, in order to avoid an increase in transmission rates for BVE and Newport customers in 2000, a separate transmission adjustment factor shall be calculated for customers in the Newport, BVE, and Narragansett service territories ("Zones"), to continue the present allocation of transmission costs currently assigned to each company. Beginning in the year 2001, Narragansett will eliminate the zonal adjustment factors and apply one transmission adjustment factor for all customers to recover the consolidated transmission costs incurred in excess of revenue collected in the consolidated base transmission rates.

**15. Transition Charges**

Beginning on the Rate Consolidation Date, there shall be “zonal” transition charges. One zone will consist of customers in the current Narragansett Electric service territory (“Narragansett Zone”). The second zone shall consist of customers in the current BVE service territory (“Blackstone Zone”). The third zone shall consist of customers in the current Newport service territory (“Newport Zone”). The transition charges for the Narragansett Zone will be fixed in accordance with the following schedule during the Rate Freeze Period:

| Year | Fixed Transition Charge<br>Narragansett Zone (cents per kWh) |
|------|--|
| 2000 | 1.15   |
| 2001 | 1.05   |
| 2002 | 1.05   |
| 2003 | 1.00   |
| 2004 | 0.95   |

The transition charges in the Blackstone and Newport Zones will be determined by calculating the balance of the Company’s total Contract Termination Charge expenses during the Rate Freeze Period less the estimated transition charge revenues collected in the Narragansett Zone and dividing the balance by the estimated kilowatt-hour deliveries in the Blackstone and Newport Zones. The resulting transition charges in the Blackstone and Newport Zones shall not exceed the amounts established for the period through 2004 as of the date of this Settlement under FERC-approved CTC rates for Blackstone and Newport, respectively (“Transition Charge Maximums”). Once transition charges

converge in the three zones, they will be set at the same rates, with applicable adjustments being spread equally among the three zones.

All Parties reserve their rights to propose different rate designs for transition charges after the Rate Freeze Period. During the Rate Freeze Period, to the extent that Contract Termination Charge expenses are less than the total transition charge revenue collected from customers in any given year, any such overrecoveries (less amounts applied in accordance with Section 10 above) shall be credited to customers, with interest at the customer deposit rate, in the Blackstone and Newport Zones to lower transition charges for the following year.

Underrecoveries in any given year may be collected, with interest at the customer deposit rate, in the following year to the extent allowed under the Transition Charge Maximums specified above. To the extent that any Contract Termination Charge expenses are not collected during this period as a result of the Transition Charge Maximums in the Blackstone and Newport Zones, any underrecoveries will be deferred with interest at the customer deposit rate, for recovery after the Rate Freeze Period through a methodology approved by the Commission.

**16. Consolidation of Balances in Adjustment Provisions**

The rates and tariffs of Narragansett include the adjustment provisions (attached as Exhibit 6 and listed below), which shall apply to all customers:

- (i) Standard Offer Adjustment Provision

- (ii) Transmission Service Cost Adjustment Provision
- (iii) Non-Bypassable Transition Charge Adjustment Provision
- (iv) Conservation and Load Management Adjustment Provision

Any balances (positive or negative) outstanding in any BVE or Newport adjustment provisions shall be consolidated into the appropriate Narragansett adjustment provision listed above.

**17. Attachment Fee Revenue**

All revenue received from attachment and other telecommunication company fees for use of distribution plant up to an annual amount of \$850,000 and 50% of all incremental revenue from such fees over \$850,000, will be included as above-the-line revenues in earnings reports and in all future COS rate cases, including such revenues from any telecommunications affiliates of the Company. The remaining 50% of all such incremental revenue over the annual amount of \$850,000 will be directly credited to the Companies' Storm Fund account on an annual basis.

**18. Sales of Properties**

(A) Annual Report on Sales. By March 1 of each year during and after the Rate Freeze Period, the Company shall file an annual report with the Commission listing any properties that have been sold in the prior calendar year and indicating whether the property is classified as utility property

or non-utility property and the total proceeds received. All Parties reserve their rights to make a claim to the Commission that all or a portion of any of the proceeds from specified sales should be credited to customers. The Company reserves its right to dispute any such claims.

(B) Notification to Attorney General and Division. Prior to marketing for sale any utility or non-utility real estate property owned by the Companies with a net book value of \$250,000 or more, the Company shall file a confidential notification with the Division and the Attorney General, identifying the property that the Company is contemplating selling. Unless the Division and the Attorney General otherwise agree, the Company will not enter into a legally binding commitment to sell such property until thirty days after providing the notification.

**19. Service Quality Standards**

The Parties agree that the Service Quality Performance Standards set forth in Exhibit 7 shall apply through the Rate Freeze Period. Thereafter, the standards shall remain in effect, but may be modified by order issued by the Commission. The Parties reserve their rights to propose modifications to the Commission at any time after the Rate Freeze Period or in the Company's first rate case, including any rate case filed by the Company that seeks to change rates on and after January 1, 2005. If at any time while the Service Quality Performance Standards are in effect, the Commission finds that there is a significant and persistent deterioration in service quality (after a hearing in which the Company

has been provided the right to appear and present evidence), the penalties provided in the standards shall be doubled and the Company shall be required to file a remedial plan. If after one year from such finding, the Commission finds that the Company has not carried out its remedial plan and, as a result, the significant and persistent problems with service quality have not been remediated, the Commission may suspend the right of the Company to retain a share of merger savings on a prospective basis until the Company demonstrates in a hearing before the Commission that service quality has returned at least to the levels that existed prior to the merger.

**20. Expansion of Low Income Program to include LIHEAP Customers**

The Parties agree that Narragansett's Low Income Rate A-60 shall be expanded to include all customers who are eligible for assistance through the state's LIHEAP program. The first \$600,000 of incremental cost of such expansion shall be borne by the Company during the Rate Freeze Period (subject to increases under the provisions of Section 4(d) above). The balance shall be tracked annually by the Company and recovered from all customers of the Company through a fully reconciling uniform per kWh adjustment factor. After the Rate Freeze Period, the entire incremental cost shall be tracked and recovered from customers through the reconciling adjustment factor until the Company's first rate case. In the Company's first rate case that establishes new rates after the Rate Freeze Period, the full incremental cost shall be rolled into distribution rates for recovery from all customers.

**21. No Cost Recovery of “Golden Parachutes”**

The Companies agree that it shall not recover any costs from customers associated with the so-called “golden parachute” payments to any of the EUA or NEES parent company officers that are triggered as a result of the merger of NEES and EUA or NEES and National Grid. Nor shall the Company include in rates the costs of any “golden parachute” payments for such parent company officers arising from other future mergers.

**22. Expiration of Settlement**

If the closing of the merger between New England Electric System and Eastern Utilities Associates does not occur, this Settlement agreement will terminate and have no legal effect. In such case, the cost of service and earnings of the Companies will be subject to normal course of review as if this Settlement had never been approved. If the merger does not occur the Parties and the Commission are not precluded from reviewing earnings of the Companies for 1999 and 2000 to determine whether there were any overearnings that should be credited to customers.

**23. Fully Allocated Cost of Service and Rate Design Filing in 2004**

In Docket 2710, the Commission approved a settlement in which Narragansett agreed to make a revenue neutral filing with the Commission for the purpose of redesigning the Company’s rates for the

G-32, B-32, G-62, and B-62 classes. The Parties agree that the Company is no longer obligated to make such filing. Instead, if the Company has not filed a cost of service rate case to change rates for usage on and after January 1, 2005, the Company shall make a revenue neutral filing of a fully allocated cost of service study by June 1, 2004 and propose new rates for all classes to take effect for usage on and after January 1, 2005. The fully allocated cost of service study will be subject to the review of the Commission and permitted evidentiary challenges by the Division and other parties. If and when the Company files its first cost of service rate case to change rates on or after January 1, 2005, the Company will include a fully allocated cost of service study in such filing.

**24. Other Provisions**

(A) The Parties agree not to oppose the request of the Companies to obtain EWG status for EUA's ownership share of Ocean State Power I and II.

(B) This Settlement resolves all issues in the EUA 1999 overearnings Docket 2911 and such docket shall be considered closed as a result of approval of this Settlement and no other claims regarding overearnings in 1999 shall be made against the Companies.

(C) If at any time during the term of this Settlement the Company becomes aware of a proceeding at the Securities and Exchange Commission or FERC that will change the allocations of

costs among Narragansett Electric and its affiliates, the Company will notify the Attorney General and the Division in writing or provide a copy of the notice to such proceedings.

(D) Unless expressly stated herein, the making of this Settlement establishes no principles and shall not be deemed to foreclose any Party from making any contention in any other proceeding or investigation other than Division Docket D-99-12.

(E) This Settlement is the product of settlement negotiations. The content of those negotiations is privileged and all offers of settlement shall be without prejudice to the position of any Party.

(F) This Settlement is submitted on the condition that it be approved in full by the Commission, and on the further condition that if the Commission does not approve the Settlement in its entirety, the Settlement shall be deemed withdrawn and shall not constitute a part of the record in any proceeding or used for any purpose.

(G) The Parties recognize that the Commission has an ongoing obligation to modify rates to protect the public against improper and unreasonable rates that cannot be precluded by a settlement agreement.

Respectfully submitted,

The Narragansett Electric Company  
By its Attorney

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Ronald T. Gerwatowski  
General Counsel

Blackstone Valley Electric Company  
and Newport Electric Corporation  
By their Attorney

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David A. Fazzone of  
David A. Fazzone, P.C. and  
McDermott, Will & Emery

The Division of Public Utilities and Carriers  
By its Attorney

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Elizabeth A. Kelleher  
Special Assistant Attorney General

The Department of the Attorney General  
By its Attorney

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Paul Roberti  
Assistant Attorney General

The Energy Council of Rhode Island  
By its Attorney

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Andrew J. Newman  
Rubin and Rudmin LLP

The National Grid Group, plc  
By its Attorneys,

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Paul K. Connolly, Jr.  
Patricia M. French  
LeBoeuf, Lamb, Greene & MacRae, LLP

## **EXHIBITS**

|           |  |
|-----------|--|
| Exhibit 1 | Summary of Hold Harmless Rate Design Mechanisms  |
| Exhibit 2 | Cover Sheets for All Rates   |
| Exhibit 3 | Rates G-22, N-01, and Amended A-32 & A-60  |
| Exhibit 4 | Illustrations of Savings Proof<br>4a: Savings Proof in 2002 or 2003<br>4b: Second Savings Proof in Rate Case<br>4c: Second Savings Proof in 2007 (without rate case) |
| Exhibit 5 | Illustrations of Reopener Provisions and Thresholds  |
| Exhibit 6 | Adjustment Provisions  |
| Exhibit 7 | Service Quality Performance Standards  |
| Exhibit 8 | Terms and Conditions   |
| Exhibit 9 | List of Manufactured Gas Plant Locations   |

**Exhibit 1**  
**Summary of Hold Harmless Rate Design Mechanisms**

## The Narragansett Electric Company Annual Hold Harmless Summary

### Hold Harmless Measures Beginning on the Rate Consolidation Date

#### Blackstone

|              |   |                  |           |
|--------------|---|------------------|-----------|
| R-1/W-1      | Switched Rate Mapping to Rate A-18 from Rate A-16 | \$48,924         |           |
| R-2          | Rate Design Change                                | (\$1,203)        |           |
| R-3          | Switched Rate Mapping to Rate A-32 from Rate A-16 | \$101,873        |           |
| G-1          | Customer Charge Credit                            | \$96,974         |           |
| G-2          | Grandfathered Rate with Continued Discount        | (\$119,265)      |           |
| Many Classes | Hold Harmless Credits (See Exhibit JMM-16)        | <u>\$206,424</u> |           |
|              |   |                  | \$333,727 |

#### Newport

|              |   |                |                 |
|--------------|---|----------------|-----------------|
| R-1/W-1      | Switched Rate Mapping to Rate A-18 from Rate A-16 | \$247,773      |                 |
| R-2          | Rate Design Change                                | (\$12,097)     |                 |
| G-1          | Customer Charge Credit                            | \$15,752       |                 |
| G-2          | Switched Rate Mapping to New Rate G-22            | (\$162,861)    |                 |
| Many Classes | Hold Harmless Credits (See Exhibit JMM-16)        | <u>\$3,661</u> |                 |
|              |   |                | <u>\$92,228</u> |

Total Hold Harmless Measures \$425,955

### Hold Harmless Credits Expiring on January 1, 2005

#### Blackstone

|              |  |                  |           |
|--------------|--|------------------|-----------|
| G-1          | Customer Charge Credit                     | \$96,974         |           |
| Many Classes | Hold Harmless Credits (See Exhibit JMM-16) | <u>\$206,424</u> |           |
|              |  |                  | \$303,398 |

#### Newport

|              |  |                |                 |
|--------------|--|----------------|-----------------|
| G-1          | Customer Charge Credit                     | \$15,752       |                 |
| Many Classes | Hold Harmless Credits (See Exhibit JMM-16) | <u>\$3,661</u> |                 |
|              |  |                | <u>\$19,413</u> |

Total Hold Harmless Credits Expiring January 1, 2005 \$322,811

## **The Narragansett Electric Company Calculation of Hold Harmless Credits**

### Step One - After the approval of Rate Plan

Determine eligible Blackstone/Newport customers using 1999 billing determinants

If New Rates times 1999 Billing determinants less Old Rates times 1999 Billing determinants > zero  
Then Customer is eligible to receive annual credit

### Step Two - January each year from 2001 to 2005

Determine Benchmark Distribution, Transmission and Transition Rates each year

Benchmark Distribution Rate = Distribution Rate prior to Consolidation

Benchmark Transmission Rate = Transmission Rate prior to Consolidation plus Prior Year increase  
in the Consolidated Transmission Rate

Benchmark Transition Rate = Actual CTC billed relating to appropriate zone

### Step Three - January each year from 2001 to 2005

Determine Credits for prior year

If Actual prior years Bills less Benchmark Rates times prior years Billing determinants > zero  
Then Customer receives a credit to their next bill

### Other Rules

If a customer moves from its current zone during the year the customer is removed from the eligibility list

If a customer has a negative credit the customer is removed from the eligibility list

No customer receives credits for bills after January 1, 2005

**Exhibit 2**  
**Cover Sheets for All Rates**

THE NARRAGANSETT ELECTRIC COMPANY

**Basic Residential Rate (A-16)**

Retail Delivery Service

R.I.P.U.C. No. 1100-A

Effective  
April 1, 2000

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$2.54                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.436¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 3.642¢                     |
| <u>Minimum Charge per month</u>                            | \$2.54                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
Residential Water Heater Control Rate (A-18)  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1101-A

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$2.52                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.387¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 3.536¢                     |
| <u>Credit per kWh for the first 750 kWh per month</u>      | 0.661¢                     |
| <u>Minimum Charge per month</u>                            | \$2.52                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**Residential Time-Of-Use Rate (A-32)**

Retail Delivery Service

R.I.P.U.C. No. 1102-A

Effective  
April 1, 2000

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$2.30                     |
| <u>Time-of-use Metering Charge per month</u>               | \$4.44                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.392¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 2.558¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**Low Income Rate (A-60)**

Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1103-A

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Non-Bypassable Transition Charge per kWh</u>                    | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                                 | 0.338¢                     |
| <u>Transmission Adjustment Factor per kWh</u>                      | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                                | 2.551¢                     |
| <u>Water Heater Credit per kWh for the first 750 kWh per month</u> | 0.661¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u>         | 0.230¢ (Eff. Jan. 1, 1997) |
| <u>A-60 Rate Credit</u>  | 0.227¢                     |

Additional Delivery Rates for Blackstone Valley Zone

|   |          |
|---|----------|
| <u>Zonal Transition Factor per kWh</u>                  | 0.890¢   |
| <u>Transmission Adjustment Credit per kWh</u>           | 0.042¢   |
| <u>Blackstone Distribution Charge per first 300 kWh</u> | (1.436)¢ |
| <u>Blackstone Distribution Charge in excess 300 kWh</u> | 1.194¢   |

Additional Delivery Rates for Newport Zone

|  |          |
|--|----------|
| <u>Zonal Transition Factor per kWh</u>               | 0.910¢   |
| <u>Transmission Adjustment Credit per kWh</u>        | 0.064¢   |
| <u>Newport Distribution Charge first 300 kWh</u>     | (0.782)¢ |
| <u>Newport Distribution Charge in excess 300 kWh</u> | 1.952¢   |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, and 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000).

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**General C&I Back-Up Service Rate (B-02)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1117-A

Monthly Charge As Adjusted

|   | <u>Rates for</u><br><u>Back-Up Service</u> | <u>Rates for</u><br><u>Supplemental Service</u> |
|---|--|---|
| <u>Rates for Retail Delivery Service</u>                                  |  |   |
| <u>Customer Charge per month</u>  | \$103.41                                   | n/a   |
| <u>Distribution Demand Charge per kW in excess 10 kW</u>                  | \$2.91                                     | \$2.91  |
| <u>Transmission Demand Charge per kW in excess 10 kW</u>                  | \$1.40                                     | \$1.40  |
| <u>Transmission Adjustment Factor per kWh</u>                             | 0.068¢                                     | 0.068¢  |
| <u>Distribution Energy Charge per kWh *</u>                               | 0.992¢                                     | 0.992¢  |
| <u>Non-bypassable Transition Charge per kWh</u>                           | n/a  | 1.150¢  |
| <u>C&amp;LM Adjustment per kWh</u>  | n/a  | 0.230¢  |
| <u>Additional Delivery Rates for Blackstone Valley Zone</u>               |  |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a  | 0.890¢  |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.042¢                                     | 0.042¢  |
| <u>Additional Delivery Rates for Newport Zone</u>                         |  |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a  | 0.910¢  |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.064¢                                     | 0.064¢  |
| <u>Rates for Standard Offer Service or Last Resort Service (Optional)</u> |  |   |
| <u>Standard Offer per kWh</u>   | n/a  | 3.800¢  |
| <u>Last Resort per kWh</u>  | n/a  | per Last Resort Service tariff                  |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**Small C&I Back-Up Service Rate (B-06)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1118-A

Monthly Charge As Adjusted

|   | <u>Rates for<br/>Back-Up Service</u> | <u>Rates for<br/>Supplemental Service</u> |
|---|--------------------------------------|---|
| <u>Rates for Retail Delivery Service</u>                                  |                                      |   |
| <u>Customer Charge per month</u>  | \$5.73                               | n/a                                       |
| <u>Transmission Energy Charge per kWh</u>                                 | 0.536¢                               | 0.536¢                                    |
| <u>Transmission Adjustment Factor per kWh</u>                             | 0.068¢                               | 0.068¢                                    |
| <u>Distribution Energy Charge per kWh *</u>                               | 3.860¢                               | 3.860¢                                    |
| <u>Non-bypassable Transition Charge per kWh</u>                           | n/a                                  | 1.150¢                                    |
| <u>C&amp;LM Adjustment per kWh</u>  | n/a                                  | 0.230¢                                    |
| <u>Additional Delivery Rates for Blackstone Valley Zone</u>               |                                      |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a                                  | 0.890¢                                    |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.042¢                               | 0.042¢                                    |
| <u>Additional Delivery Rates for Newport Zone</u>                         |                                      |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a                                  | 0.910¢                                    |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.064¢                               | 0.064¢                                    |
| <u>Rates for Standard Offer Service or Last Resort Service (Optional)</u> |                                      |   |
| <u>Standard Offer per kWh</u>   | n/a                                  | 3.800¢                                    |
| <u>Last Resort per kWh</u>  | n/a                                  | per Last Resort Service tariff            |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**200 kW Back-Up Service Rate (B-32)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1119-A

Monthly Charge As Adjusted

|   | <u>Rates for</u><br><u>Back-Up Service</u> | <u>Rates for</u><br><u>Supplemental Service</u> |
|---|--|---|
| <u>Rates for Retail Delivery Service</u>                                  |  |   |
| <u>Customer Charge per month</u>  | \$236.43                                   | n/a   |
| <u>Transmission Demand Charge per kW</u>                                  | \$1.27                                     | \$1.27  |
| <u>Distribution Demand Charge per kW</u>                                  | \$1.56                                     | \$1.56  |
| <u>Transmission Adjustment Factor per kWh</u>                             | 0.068¢                                     | 0.068¢  |
| <u>Distribution Energy Charge per kWh *</u>                               | 1.101¢                                     | 1.101¢  |
| <u>Non-bypassable Transition Charge per kWh</u>                           | n/a  | 1.150¢  |
| <u>C&amp;LM Adjustment per kWh</u>  | n/a  | 0.230¢  |
| <u>Additional Delivery Rates for Blackstone Valley Zone</u>               |  |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a  | 0.890¢  |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.042¢                                     | 0.042¢  |
| <u>Additional Delivery Rates for Newport Zone</u>                         |  |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a  | 0.910¢  |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.064¢                                     | 0.064¢  |
| <u>Rates for Standard Offer Service or Last Resort Service (Optional)</u> |  |   |
| <u>Standard Offer per kWh</u>   | n/a  | 3.800¢  |
| <u>Last Resort per kWh</u>  | n/a  | per Last Resort Service tariff                  |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW Back-Up Service Rate (B-62)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1120-A

Monthly Charge As Adjusted

| <u>Rates for Retail Delivery Service</u>                                      | <u>Rates for<br/>Back-Up Service</u> | <u>Rates for<br/>Supplemental Service</u> |
|---|--------------------------------------|---|
| <u>Customer Charge per month</u>  | \$17,118.72                          | n/a                                       |
| <u>Distribution Demand Charge per kW</u>                                      | \$0.75                               | \$0.75                                    |
| <u>Transmission Demand Charge per kW</u>                                      | \$1.39                               | \$1.39                                    |
| <u>Transmission Adjustment Factor per kWh</u>                                 | 0.068¢                               | 0.068¢                                    |
| <u>Distribution Energy Charge per kWh *</u>                                   | 0.396¢                               | 0.396¢                                    |
| <u>Non-bypassable Transition Charge per kWh</u>                               | n/a                                  | 1.150¢                                    |
| <u>C&amp;LM Adjustment per kWh</u>  | n/a                                  | 0.230¢                                    |
| <br><u>Additional Delivery Rates for Blackstone Valley Zone</u>               |                                      |   |
| <u>Zonal Transition Factor per kWh</u>  | n/a                                  | 0.890¢                                    |
| <u>Transmission Adjustment Credit per kWh</u>                                 | 0.042¢                               | 0.042¢                                    |
| <br><u>Additional Delivery Rates for Newport Zone</u>                         |                                      |   |
| <u>Zonal Transition Factor per kWh</u>  | n/a                                  | 0.910¢                                    |
| <u>Transmission Adjustment Credit per kWh</u>                                 | 0.064¢                               | 0.064¢                                    |
| <br><u>Rates for Standard Offer Service or Last Resort Service (Optional)</u> |                                      |   |
| <u>Standard Offer per kWh</u>   | n/a                                  | 3.800¢                                    |
| <u>Last Resort per kWh</u>  | n/a                                  | per Last Resort Service tariff            |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**High Voltage Back-Up Service Rate (B-72)**  
High Voltage Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1122

Monthly Charge As Adjusted

|   | <u>Rates for<br/>Back-Up Service</u> | <u>Rates for<br/>Supplemental Service</u> |
|---|--------------------------------------|---|
| <u>Rates for High Voltage Delivery Service</u>                            |                                      |   |
| <u>Customer Charge per month</u>  | \$63.75                              | n/a                                       |
| <u>Distribution Demand Charge per kW</u>                                  | \$ 0.35                              | \$ 0.35                                   |
| <u>Transmission Demand Charge per kW</u>                                  | \$ 1.34                              | \$ 1.34                                   |
| <u>Transmission Adjustment Factor per kWh</u>                             | 0.068¢                               | 0.068¢                                    |
| <u>Distribution Energy Charge per kWh*</u>                                | 0.396¢                               | 0.396¢                                    |
| <u>Non-Bypassable Transition Charge per kWh</u>                           | n/a                                  | 1.150¢                                    |
| <u>Conservation and Load Management Adjustment per kWh</u>                | n/a                                  | 0.230¢                                    |
| <u>Additional Delivery Rates for Blackstone Valley Zone</u>               |                                      |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a                                  | 0.890¢                                    |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.042¢                               | 0.042¢                                    |
| <u>Additional Delivery Rates for Newport Zone</u>                         |                                      |   |
| <u>Zonal Transition Factor per kWh</u>                                    | n/a                                  | 0.910¢                                    |
| <u>Transmission Adjustment Credit per kWh</u>                             | 0.064¢                               | 0.064¢                                    |
| <u>Rates for Standard Offer Service or Last Resort Service (Optional)</u> |                                      |   |
| <u>Standard Offer per kWh</u>   | n/a                                  | 3.800¢                                    |
| <u>Last Resort per kWh</u>  | n/a                                  | per Last Resort Service tariff            |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**Small C&I Rate (C-06)**

Retail Delivery Service

R.I.P.U.C. No. 1104-A

Effective

April 1, 2000

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                           |
|--|---------------------------|
| <u>Customer Charge per month</u>                           | \$5.73                    |
| <u>Unmetered Charge per month</u>                          | \$1.83                    |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                    |
| <u>Transmission Charge per kWh</u>                         | 0.536¢                    |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                    |
| <u>Distribution Charge per kWh*</u>                        | 3.860¢                    |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |  |
|---|--|
| <u>Zonal Transition Factor per kWh</u>                | 0.890¢                                 |
| <u>Transmission Adjustment Credit per kWh</u>         | 0.042¢                                 |
| <u>Customer Charge Credit equal to the Maximum of</u> | (698 - billed kWh) x \$0.00338 or zero |

Additional Delivery Rates for Newport Zone

|   |  |
|---|--|
| <u>Zonal Transition Factor per kWh</u>                | 0.910¢                                 |
| <u>Transmission Adjustment Credit per kWh</u>         | 0.064¢                                 |
| <u>Customer Charge Credit equal to the Maximum of</u> | (124 - billed kWh) x \$0.01844 or zero |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**Residential Storage Heating Rate (E-30)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1105-A

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$7.54                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.261¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 1.582¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**Storage Cooling Rate (E-40)**

Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1106-A

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$75.15                    |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.141¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        |                            |
| Peak/Shoulder  | 2.536¢                     |
| Off Peak   | 0.949¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                        |                                |
|------------------------|--------------------------------|
| Standard Offer per kWh | 3.800¢ (Eff. January 1, 2000)  |
| Last Resort per kWh    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**General C&I Rate (G-02)**

Retail Delivery Service

R.I.P.U.C. No. 1107-A

Effective  
April 1, 2000

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$103.41                   |
| <u>Transmission Charge per kW in excess of 10 kW</u>       | \$1.40                     |
| <u>Distribution Charge per kW in excess of 10 kW</u>       | \$2.91                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 0.992¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**Limited Medium Secondary Voltage C&I Rate (G-22)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No.

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Distribution Charge per kW</u>                          | \$1.50                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.386¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 2.215¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**200 kW Demand Rate (G-32)**

Retail Delivery Service

R.I.P.U.C. No. 1108-A

Effective  
April 1, 2000

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$236.43                   |
| <u>Transmission Charge per kW</u>                          | \$1.27                     |
| <u>Distribution Charge per kW</u>                          | \$1.56                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 1.101¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                              |                                |
|------------------------------|--------------------------------|
| <u>Standard Offer per Wh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>   | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**3000 kW Demand Rate (G-62)**

Retail Delivery Service

R.I.P.U.C. No. 1109-A

Effective  
April 1, 2000

Monthly Charge As Adjusted

Rates for Retail Delivery Services

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$17,118.72                |
| <u>Transmission Charge per kW</u>                          | \$1.39                     |
| <u>Distribution Charge per kW</u>                          | \$0.75                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150 ¢                    |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 0.396¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**High Voltage Rate (H-72)**  
High Voltage Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1123

Monthly Charge As Adjusted

Rates for High Voltage Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$63.75                    |
| <u>Transmission Demand Charge per kW</u>                   | \$1.34                     |
| <u>Distribution Demand Charge per kW</u>                   | \$0.35                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Energy Charge per kWh*</u>                 | 0.396¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**69kV Rate (N-01)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No.

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Distribution Charge per kW</u>                          | \$5.52                     |
| <u>Distribution Charge per kVAR</u>                        | \$0.17                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.408¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 0.574¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**Limited Traffic Signal Service (R-02)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1110-A

Monthly Charge as Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.259¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 0.867¢                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Rates for Standard Offer Service or Last Resort (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

Effective  
April 1, 2000

Limited Service - Private Lighting (S-10)  
Retail Delivery Service

R.I.P.U.C. No. 1111-A

Luminaire

Type/Lumens

| <u>Incandescent</u> | <u>Code</u> | <u>Annual kWh</u> |
|---------------------|-------------|-------------------|
| 1,000               | 10          | 440               |

Mercury Vapor

|           |    |       |
|-----------|----|-------|
| 4,000     | 3  | 561   |
| 8,000     | 4  | 908   |
| 22,000    | 5  | 1,897 |
| 63,000    | 6  | 4,569 |
| 22,000 FL | 23 | 1,897 |
| 63,000 FL | 24 | 4,569 |

Sodium Vapor

|           |    |       |
|-----------|----|-------|
| 4,000     | 70 | 248   |
| 9,600     | 72 | 490   |
| 27,500    | 74 | 1,284 |
| 50,000    | 75 | 1,968 |
| 27,500 FL | 77 | 1,284 |
| 50,000    | 78 | 1,968 |

Non-Bypassable Transition Charge per kWh 1.150¢

Transmission Charge per kWh 0.259¢

Transmission Adjustment Factor per kWh 0.068¢

Distribution Energy Charge per kWh\* 0.396¢

Conservation & Load Management Adjustment per kWh 0.230¢

Plus 3.800 cents per kWh for Standard Offer (Eff. January 1, 2000) (Optional)

Plus Last Resort per Last Resort Service tariff (Optional)

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

Effective  
April 1, 2000

**Limited Street Lighting Service (S-12)**  
Retail Delivery Service

R.I.P.U.C. No. 1112-A

Luminaire

| <u>Type/Lumens</u> | <u>Code</u> | <u>Annual kWh</u> |
|--------------------|-------------|-------------------|
|--------------------|-------------|-------------------|

Incandescent

|       |        |     |
|-------|--------|-----|
| 1,000 | 50, 10 | 440 |
| 2,500 | 11     | 845 |

Mercury Vapor

|                  |        |       |
|------------------|--------|-------|
| 4,000            | 3      | 561   |
| 8,000            | 4      | 908   |
| 8,000 (post top) | 2      | 908   |
| 15,000           | 17, 18 | 1,874 |
| 22,000           | 5      | 1,897 |
| 22,000 (24 hr)   | 64     | 3,794 |
| 63,000           | 6      | 4,569 |

Sodium Vapor

|                |                             |       |
|----------------|-----------------------------|-------|
| 4,000          | 70, 710, 711, 750, 755, 756 | 248   |
| 5,800          | 71                          | 349   |
| 9,600          | 72, 79                      | 490   |
| 27,500         | 74                          | 1,284 |
| 50,000         | 75                          | 1,968 |
| 27,500 (24 hr) | 84                          | 2,568 |
| 50,000 (FL)    | 78                          | 1,968 |

Non-Bypassable Transition Charge per kWh 1.150¢

Transmission Charge per kWh 0.259¢

Transmission Adjustment Factor per kWh 0.068¢

Distribution Energy Charge per kWh\* 0.396¢

Conservation & Load Management Adjustment per kWh 0.230¢

Plus 3.800 cents per kWh for Standard Offer (Eff. January 1, 2000) (Optional)

Plus Last Resort per Last Resort Service tariff (Optional)

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**General Streetlighting Service (S-14)**  
 Retail Delivery Service

Effective  
 April 1, 2000

R.I.P.U.C. No. 1113-A

| <u>Luminaire</u>     |             |                   |
|----------------------|-------------|-------------------|
| <u>Type/Lumens</u>   | <u>Code</u> | <u>Annual kWh</u> |
| <u>Incandescent</u>  |             |                   |
| 1,000                | 10          | 440               |
| <u>Mercury Vapor</u> |             |                   |
| 8,000                | 02          | 908               |
| 4,000                | 03          | 561               |
| 8,000                | 04          | 908               |
| 22,000               | 05          | 1,897             |
| 63,000               | 06          | 4,569             |
| <u>Sodium Vapor</u>  |             |                   |
| 4,000                | 70          | 248               |
| 9,600                | 72, 79      | 490               |
| 27,500               | 74          | 1,284             |
| 50,000               | 75          | 1,968             |
| 27,500 (24 hr)       | 84          | 2,568             |
| 50,000 FL            | 78          | 1,968             |

|   | <u>Narragansett</u> | <u>Blackstone</u> | <u>Newport</u> |
|---|---------------------|-------------------|----------------|
|   | <u>Zone</u>         | <u>Zone</u>       | <u>Zone</u>    |
| Non-Bypassable Transition Charge per kWh                                    | 1.150¢              | 1.150¢            | 1.150¢         |
| Zonal Transition Factor per kWh   | 0.000¢              | 0.890¢            | 0.910¢         |
| Distribution Energy Charge per kWh  | 0.396¢              | 0.396¢            |                |
| Transmission Charge per kWh   | 0.259¢              | 0.259¢            | 0.259¢         |
| Transmission Adjustment Factor per kWh                                      | 0.068¢              | 0.068¢            | 0.068¢         |
| Transmission Adjustment Credit per kWh                                      | 0.000¢              | 0.042¢            | 0.064¢         |
| Conservation & Load Management Adj. Per kWh                                 | 0.230¢              | 0.230¢            | 0.230¢         |
| Streetlight Credit per kWh  | 0.000¢              | 4.420¢            | 2.918¢         |
| Plus 3.800 cents per kWh for Standard Offer (Eff. April 1, 2000) (Optional) |                     |                   |                |
| Plus Last Resort per Last Resort Service tariff (Optional)                  |                     |                   |                |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**  
 Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

Limited Service All-Electric Living (T-06)

Retail Delivery Service

R.I.P.U.C. No. 1114-A

Effective  
April 1, 2000

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                                 | \$7.84                     |
| <u>Non-Bypassable Transition Charge per kWh</u>                  | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                               | 0.361¢                     |
| <u>Transmission Adjustment Factor per kWh</u>                    | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                              | 2.247¢                     |
| <u>Minimum Charge per month</u>                                  | \$7.84                     |
| <u>Conservation and Load Management Adj. (Eff. Jan. 1, 1997)</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**Limited Service - Business Space Heating (V-02)**  
Retail Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1115-A

Monthly Charge As Adjusted

Rates for Retail Delivery Service

|  |                            |
|--|----------------------------|
| <u>Customer Charge per month</u>                           | \$7.85                     |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢                     |
| <u>Transmission Charge per kWh</u>                         | 0.547¢                     |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢                     |
| <u>Distribution Charge per kWh*</u>                        | 3.038¢                     |
| <u>Minimum Charge per month</u>                            | \$7.85                     |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Rates for Standard Offer Service or Last Resort Service (Optional)

|  |                                |
|--|--------------------------------|
| <u>Standard Offer or Last Resort per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>                   | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustments effective Jan. 1, 1997 and Jan. 1, 1998, respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

**Electric Propulsion Rate (X-01)**  
High Voltage Delivery Service

Effective  
April 1, 2000

R.I.P.U.C. No. 1121

Monthly Charge As Adjusted

Rates for High Voltage Delivery Service

|  |          |
|--|----------|
| <u>Customer Charge per month</u>                           | \$10,000 |
| <u>Transmission Demand Charge per kW</u>                   | \$1.34   |
| <u>Non-Bypassable Transition Charge per kWh</u>            | 1.150¢   |
| <u>Transmission Adjustment Factor per kWh</u>              | 0.068¢   |
| <u>Distribution Energy Charge per kWh*</u>                 | 0.396¢   |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢   |

Additional Delivery Rates for Blackstone Valley Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.890¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.042¢ |

Additional Delivery Rates for Newport Zone

|   |        |
|---|--------|
| <u>Zonal Transition Factor per kWh</u>        | 0.910¢ |
| <u>Transmission Adjustment Credit per kWh</u> | 0.064¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

|                               |                                |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.800¢ (Eff. January 1, 2000)  |
| <u>Last Resort per kWh</u>    | per Last Resort Service tariff |

\* Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), (0.038¢) per kWh for Rate Settlement credit, 0.000¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 2000) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

**Exhibit 3**  
**Rates G-22, N-01, and Amended A-32 & A-60**

THE NARRAGANSETT ELECTRIC COMPANY  
**LIMITED MEDIUM SECONDARY VOLTAGE C&I RATE (G-22)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

This rate is limited only to those customers placed on this rate by the Company and were formerly served under the Newport Electric or Blackstone Valley Electric Rate G-2. Customers may change to another rate if their demand is 500 kW or more, or less than 10 kW. This rate is closed to all other customers.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under Monthly Charge may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under Monthly Charge may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provisions, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Performance Based Rate Adjustment

The amount determined under the preceding provisions shall be adjusted periodically in accordance with Section 39-1-27.5 of the Rhode Island General Laws.

THE NARRAGANSETT ELECTRIC COMPANY  
**LIMITED MEDIUM SECONDARY VOLTAGE C&I RATE (G-22)**  
RETAIL DELIVERY SERVICE

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**DETERMINATION OF BILLING DEMAND**

The Billing Demand in kilowatts for each month will be the lower of the maximum metered demand in any fifteen-minute period during the month or the month energy consumption divided by 150.

**POWER FACTOR ADJUSTMENT**

Customers who have established a Billing Demand of 100 kilowatts or more in the current or preceding eleven months will receive a Power Factor Adjustment (PFA) to their Demand Charge based on the following method, except that the Demand Charge shall not be less than 95% nor more than 110% of the Demand Charge before adjustment:

$$\text{PFA} = ((0.80 / \text{Power Factor}) - 1) \times (\text{Unadjusted Demand Charge} / 3)$$

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**LIMITED MEDIUM SECONDARY VOLTAGE C&I RATE (G-22)**  
**RETAIL DELIVERY SERVICE**

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: April 1, 2000

THE NARRAGANSETT ELECTRIC COMPANY  
**69kV Rate (N-01)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

This rate is available to customers taking service at a nominal voltage of 69,000 volts and is mandatory for the Department of the Navy, its successors, or assigns, for electric power service to the Naval Education and Training Center, Newport, Rhode Island.

Electric retail delivery service supplied hereunder shall be three phase, alternating current, at a nominal frequency of sixty Hertz, and at a nominal voltage of 69,000 volts.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**DETERMINATION OF BILLING PERIODS**

The Billing Period consists of the days between consecutive meter readings. Service under this Rate is rendered on a full calendar day basis. The first day of any billing period is included in its entirety and the last day of any billing period is excluded in its entirety.

**DETERMINATION OF BILLING DEMANDS**

I. Billing Demand

A. Requirements Service

The Demand in kilowatts for each month is the maximum metered fifteen-minute demand during the Billing Period.

B. Partial Requirements Service

The Demand in kilowatts for each month is the maximum fifteen-minute total demand during the month, where the total demand is the combined of the Partial Requirements Service delivered by the Company and the service supplied by the customer's other power source.

The Billing Demand in kilowatts for each month shall be the largest of:

THE NARRAGANSETT ELECTRIC COMPANY  
**69kV Rate (N-01)**  
RETAIL DELIVERY SERVICE

1. the Demand,
2. Seventy-five percent (75%) of the highest Demand recorded during the previous eleven months, or
3. Fifty percent (50%) of the highest Demand recorded by the customer since 1961, where:

For the purposes of determining the Billing Demand, all demands recorded before December 1, 1994, shall be deemed Demands, all Standby Demands recorded after December 1, 1994, through June 30, 1997 shall be deemed Demands, and all Distribution Demands recorded after June 30, 1997, shall be deemed Demands.

**II. Reactive Billing Demand**

The Reactive Billing Demand in kilovars for each month shall be the Reactive Demand in excess of seventeen and one-half percent (17.5%) of the Demand, where the Reactive Demand in kilovars for each month is the metered fifteen-minute reactive demand coincident with the Demand.

**DETERMINATION OF BILLING DEMAND CHARGES**

**I. Billing Demand Charge**

The Billing Demand Charge shall be the Billing Demand times the Demand Rate.

**I. Reactive Billing Demand Charge**

The Reactive Billing Demand Charge shall be the Reactive Billing Demand times the Reactive Demand Rate.

**DETERMINATION OF MINIMUM BILLING ENERGY CHARGE**

The Minimum Billing Energy Charge shall be the Total Energy Requirements times the Transition Charge. For the purposes of the foregoing, Total Energy Requirements shall mean the sum of the energy delivered by the Company and the energy supplied by the Navy's other power sources other than electrically isolated emergency power sources.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

THE NARRAGANSETT ELECTRIC COMPANY  
**69kV Rate (N-01)**  
RETAIL DELIVERY SERVICE

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provisions, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Performance Based Rate Adjustment

The amount determined under the preceding provisions shall be adjusted periodically in accordance with Section 39-1-27.5 of the Rhode Island General Laws.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

THE NARRAGANSETT ELECTRIC COMPANY  
**69kV Rate (N-01)**  
RETAIL DELIVERY SERVICE

**DEFINITIONS OF TERMS**

“Requirements Service” means that the Company delivers all the energy and capacity necessary to meet the total electric service requirements of the Navy, other than electric service requirements provided by electrically isolated emergency power sources.

“Partial Requirements Service” means Supplementary Service, Backup Service, and Maintenance Service, either individually or in any combination.

“Supplementary Service” means electric energy and capacity delivered by the Company on a regular basis in addition to that which is normally provided by the Navy’s other power source.

“Backup Service” means electric energy and capacity delivered by the Company to replace energy and capacity ordinarily provided by the Navy’s other power source during an unscheduled outage of the power source.

“Maintenance Service” means electric energy and capacity delivered by the Company to replace energy and capacity ordinarily provided by the Navy’s other power source during a scheduled outage of the power source.

**TERMS AND CONDITIONS**

The Company’s Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: April 1, 2000

**THE NARRAGANSETT ELECTRIC COMPANY**  
**RESIDENTIAL TIME-OF-USE RATE (A-32)**  
**RETAIL DELIVERY SERVICE**

**AVAILABILITY**

Electric delivery service under this rate is available for all domestic purposes in an individual private dwelling or an individual private apartment. Service is also available for farm customers where delivery is provided by the Company. A church and adjacent buildings owned and operated by the church may be served under this rate, but any such buildings separated by public ways must be billed separately.

The Company may under unusual circumstances permit more than one set of living quarters to be served through one metering installation under this rate, but if so, the Customer Charge shall be multiplied by the number of separate living quarters so served.

The Company will require any Customer taking service on the Basic Residential Rate A-16 or the Residential Water Heater Control Rate A-18 to take service on this rate if the Customer's usage for the previous 12 months exceeds 30,000 kWh. The Company will require any new customer to take service under this rate if the Company estimates that the Customer's annual usage will exceed 30,000 kWh. A Customer who has been placed on this rate pursuant to this paragraph may transfer to another available rate if the Customer's usage for the previous 12 months is less than 24,000 kWh.

**FARM CUSTOMER EXEMPTION**

Any customer taking service under the Company's the Basic Residential Rate A-16 or the Residential Water Heater Control Rate A-18 who qualifies as a "farm customer" may be exempted from taking delivery under this rate, even if such customer's annual usage exceeds 30,000 kWh.

Customers seeking a Farm Customer Exemption have the burden of providing documentation of their "farm customer status" to the Company. A document such as a Federal 1040-F form will be accepted by the Company as reasonable documentation of such status. Customers may be required by the Company to qualify for the exemption on an annual basis.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet of this tariff.

Customers placed on this rate by the Company without time of use meters shall not be required to pay the Time of Use Metering Charge.

THE NARRAGANSETT ELECTRIC COMPANY  
**TIME-OF-USE RATE (A-32)**  
RETAIL DELIVERY SERVICE

**PEAK AND OFF-PEAK PERIODS**

|                 |                 |    |   |
|-----------------|-----------------|----|---|
| Peak Hours:     | October - April | -- | 8 a.m. - 12 p.m. Weekdays<br>4 p.m. - 8 p.m. Weekdays |
|                 | May - September | -- | 10 a.m. - 4 p.m. Weekdays                             |
| Off-Peak Hours: |                 |    | All other hours                                       |

Weekdays shall mean Monday through Friday, excluding the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provisions, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

THE NARRAGANSETT ELECTRIC COMPANY  
**TIME-OF-USE RATE (A-32)**  
RETAIL DELIVERY SERVICE

Performance Based Rate Adjustment

The amount determined under the preceding provisions shall be adjusted periodically in accordance with Section 39-1-27.5 of the Rhode Island General Laws.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**MINIMUM CHARGE**

The monthly minimum charge shall be the sum of the monthly Customer Charge plus the monthly time-of-use Metering Charge.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: April 1, 2000

THE NARRAGANSETT ELECTRIC COMPANY  
**LOW INCOME RATE (A-60)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Service under this rate is available only to currently qualified customers for all domestic purposes in an individual private dwelling or an individual apartment, providing such customer meets both of the following criteria:

1. Must be the head of a household or principal wage earner.
2. Must be presently receiving Supplemental Security Income from the Social Security Administration, be eligible for the low-income home energy assistance program, or one of the following from the appropriate Rhode Island agencies: Medicaid, Food Stamps, General Public Assistance or Aid to Families with Dependent Children.

It is the responsibility of the customer to annually certify, by forms provided by the Company, the continued compliance with the foregoing provisions.

The Company may under unusual circumstances permit more than one set of living quarters to be served through one meter under this rate, but if so, the kilowatt-hours eligible for the credit described below shall be multiplied by the number of separate living quarters so served.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet sheet of this tariff.

Provided, however, that any customer who installed prior to January 1, 1998 and has in regular operation an electric water heater of a type approved by the Company and conforming to the Conditions for Electric Water Heating contained herein, shall receive a credit of 0.6614 per kWh for the first 750 kWh per month.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under ~~A~~Monthly Charge~~@~~ may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under ~~A~~Monthly Charge~~@~~ may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provisions, whether or not the Customer is taking or has taken Standard Offer Service.

THE NARRAGANSETT ELECTRIC COMPANY  
**LOW INCOME RATE (A-60)**  
RETAIL DELIVERY SERVICE

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**CONDITIONS FOR ELECTRIC WATER HEATING**

1. Electricity will be the only source of energy for water heating.
2. The Company reserves the right to limit the operation of the bottom water heating element, but in no case shall operation be less than 16 hours a day, or a total of 126 hours per week.
3. All water heaters installed after January 1, 1968 shall have a storage capacity of 80 gallons or greater and be of a type approved by the Company, except as provided below.
4. Approved water heaters of less than 80 gallons now being served by the Company may be permitted to transfer to this rate, and at the Company's option, smaller tanks may be permitted only within an individual apartment of a multi-family building.
5. The customer shall provide a separate circuit for the water heater, of ample capacity and designed for 240-volt operation, to which no equipment other than the water heater shall be connected.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: April 1, 2000

**Exhibit 4**  
**Illustrations of Savings Proof**

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Illustrative Calculation of First Look Savings Proof - 2002 Test Year**  
**Company Filing in 2003 Using Historical 2002 Data**

**Narragansett Electric**  
**BVE/Newport Electric**  
**R.I.P.U.C. No. 2930**

(\$ MILLIONS)

Settlement Exhibit 4a

**Formula for First Look Proven Savings:**

$$\text{Proven Savings} = \text{Adjusted Benchmark COS} - 2002 \text{ COS} + .3 * (\text{Adjusted Benchmark COS} * \text{Weather Normalized Sales Growth})$$

| <u>Line</u> |   |       |         | <u>Amount</u> |
|-------------|---|-------|---------|---------------|
| 1           | Benchmark Cost of Service                   |       |         | 210.000       |
| 2           |   |       |         |               |
| 3           | GDPIPD Growth 2001                          | 1.60% | * 50%   | <u>1.0080</u> |
| 4           |   |       |         |               |
| 5           | 2001 Adjusted Benchmark COS                 |       |         | 211.680       |
| 6           |   |       |         |               |
| 7           | GDPIPD Growth 2002                          | 1.70% | * 50%   | <u>1.0085</u> |
| 8           |   |       |         |               |
| 9           | 2002 Adjusted Benchmark COS                 |       |         | 213.479       |
| 10          |   |       |         |               |
| 11          | 2000 kWh Sales from Settlement              |       |         | 7,098,202,000 |
| 12          |   |       |         |               |
| 13          | Weather Adjusted 2002 kWh Sales             |       |         | 7,240,875,860 |
| 14          |   |       |         |               |
| 15          | Weather Normalized Sales Growth             |       |         | 2.010%        |
| 16          |   |       |         |               |
| 17          | Adjusted Sales Growth                       | 2.01% | * 30% * | 213.479       |
| 18          |   |       |         | 1.287         |
| 19          | Normalized Cost of Service - 2002 Test Year |       |         | 206.654       |
| 20          |   |       |         |               |
| 21          | Savings to be Shared                        |       |         | 8.112         |
| 22          |   |       |         |               |
| 23          | 50/50 Sharing of Proven Savings             |       |         | 4.056         |

- Line 1 Per Division Adjusted Cost of Service
- Line 3 For purposes of this illustration DRI estimated Annual change in Implicit GDP Deflator. Actual change will be used
- Line 5 Line 1 \* Line 3
- Line 7 For purposes of this illustration DRI estimated Annual change in Implicit GDP Deflator. Actual change will be used
- Line 9 Line 5 \* Line 7
- Line 11 Per JMM-15, JJB-2a and JJB-2b adjusted for Division adjustment.
- Line 13 For purposes of this illustration, Line 11 escalated by 1% weather adjusted sales growth for for two years.  
Actual weather adjusted sales will be used
- Line 15 (Line 13 - Line 11) / Line 11
- Line 17 Line 9 \* Line 15 \* 30%
- Line 19 For this illustration, the Normalized COS was assumed to be \$206,654,000. Actual filed COS will be used.
- Line 21 Line 9 + Line 17 - Line 19
- Line 23 50% of Line 21

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Illustrative Calculation of Second Look Savings Proof - 2005 Rate Year**  
**Company Files COS Rate Case in 2004 using Historical 2003 Data - Rate Year 2005**

**Narragansett Electric**  
**BVE/Newport Electric**  
**R.I.P.U.C. No. 2930**

(\$ MILLIONS)

Settlement Exhibit 4b

**Formula for Second Look Proven Savings:**

$$\text{Proven Savings} = \text{Adjusted Benchmark COS} - 2005 \text{ COS} + .3 * (\text{Adjusted Benchmark COS} * \text{Weather Normalized Sales Growth})$$

| <u>Line</u> |   |       |         | <u>Amount</u> |         |
|-------------|---|-------|---------|---------------|---------|
| 1           | Benchmark Cost of Service                   |       |         | 210.000       |         |
| 2           |   |       |         |               |         |
| 3           | GDPIPD Growth 2001                          | 1.60% | * 50%   | 1.0080        |         |
| 4           | 2001 Adjusted Benchmark COS                 |       |         | 211.680       |         |
| 5           | GDPIPD Growth 2002                          | 1.70% | * 50%   | 1.0085        |         |
| 6           | 2002 Adjusted Benchmark COS                 |       |         | 213.479       |         |
| 7           | GDPIPD Growth 2003                          | 2.00% | * 50%   | 1.0100        |         |
| 8           | 2003 Adjusted Benchmark COS                 |       |         | 215.614       |         |
| 9           | GDPIPD Growth 2004                          | 2.00% | * 50%   | 1.0100        |         |
| 10          | 2004 Adjusted Benchmark COS                 |       |         | 217.770       |         |
| 11          | GDPIPD Growth 2005                          | 2.20% | * 50%   | 1.0110        |         |
| 12          | 2005 Adjusted Benchmark COS                 |       |         |               | 220.166 |
| 13          |   |       |         |               |         |
| 14          | 2000 kWh Sales from Settlement              |       |         | 7,098,202,000 |         |
| 15          |   |       |         |               |         |
| 16          | Weather Adjusted 2005 kWh Sales             |       |         | 7,460,281,640 |         |
| 17          |   |       |         |               |         |
| 18          | Weather Normalized Sales Growth             |       |         | 5.101%        |         |
| 19          |   |       |         |               |         |
| 20          | Adjusted Sales Growth                       | 5.10% | * 30% * | 220.166       | 3.369   |
| 21          |   |       |         |               |         |
| 22          | Normalized Cost of Service - 2005 Rate Year |       |         |               | 214.240 |
| 23          |   |       |         |               |         |
| 24          | Savings to be Shared                        |       |         |               | 9.295   |
| 25          |   |       |         |               |         |
| 26          | 50/50 Sharing of Proven Savings             |       |         |               | 4.647   |
| 27          |   |       |         |               |         |
| 28          | Shared Savings Cap                          |       |         |               | 4.183   |

Line 1 Per Division Adjusted Cost of Service

Lines 3, 5, 7, 9, 11

For purposes of this illustration DRI estimated Annual change in Implicit GDP Deflator. Actual change will be used.

Line 4 Line 1 \* Line 3

Line 6 Line 4 \* Line 5

Line 8 Line 6 \* Line 7

Line 10 Line 8 \* Line 9

Line 12 Line 10 \* Line 11

Line 14 Per JMM-15, JJB-2a and JJB-2b adjusted for Division adjustment.

Line 16 For purposes of this illustration, Line 14 escalated by 1% weather adjusted sales growth for for five years.  
 Actual weather adjusted sales will be used

Line 18 (Line 16 - Line 14) / Line 14

Line 20 Line 12 \* Line 18 \* 30%

Line 22 For this illustration, the Normalized COS was assumed to be \$214,240,000. Actual filed COS will be used.

Line 24 Line 12 + Line 20 - Line 22

Line 26 50% of Line 24

Line 28 Minimum of Line 26 or Exhibit 4a, Line 23 inflated @ 50% of GDPIPD

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Illustrative Calculation of Second Look Savings Proof - 2006 Test Year**  
**Company Filing in 2007 Using Historical 2006 Data**

**Narragansett Electric**  
**BVE/Newport Electric**  
**R.I.P.U.C. No. 2930**  
 Revised  
**Settlement Exhibit 4c**

(\$ MILLIONS)

**Formula for Second Look Proven Savings:**

$$\text{Proven Savings} = \text{Adjusted Benchmark COS} - 2006 \text{ COS} + .3 * (\text{Adjusted Benchmark COS} * \text{Weather Normalized Sales Growth})$$

| <u>Line</u> |   |       |         | <u>Amount</u> |         |
|-------------|---|-------|---------|---------------|---------|
| 1           | Benchmark Cost of Service                   |       |         | 210.000       |         |
| 2           |   |       |         |               |         |
| 3           | GDPIPD Growth 2001                          | 1.60% | * 50%   | 1.0080        |         |
| 4           | 2001 Adjusted Benchmark COS                 |       |         | 211.680       |         |
| 5           | GDPIPD Growth 2002                          | 1.70% | * 50%   | 1.0085        |         |
| 6           | 2002 Adjusted Benchmark COS                 |       |         | 213.479       |         |
| 7           | GDPIPD Growth 2003                          | 2.00% | * 50%   | 1.0100        |         |
| 8           | 2003 Adjusted Benchmark COS                 |       |         | 215.614       |         |
| 9           | GDPIPD Growth 2004                          | 2.00% | * 50%   | 1.0100        |         |
| 10          | 2004 Adjusted Benchmark COS                 |       |         | 217.770       |         |
| 11          | GDPIPD Growth 2005                          | 2.20% | * 50%   | 1.0110        |         |
| 12          | 2005 Adjusted Benchmark COS                 |       |         | 220.166       |         |
| 13          | GDPIPD Growth 2006                          | 2.20% | * 50%   | 1.0110        |         |
| 14          | 2006 Adjusted Benchmark COS                 |       |         |               | 222.588 |
| 15          |   |       |         |               |         |
| 16          | 2000 kWh Sales from Settlement              |       |         | 7,098,202,000 |         |
| 17          |   |       |         |               |         |
| 18          | Forecasted 2006 kWh Sales                   |       |         | 7,534,884,456 |         |
| 19          |   |       |         |               |         |
| 20          | Weather Normalized Sales Growth             |       |         | 6.152%        |         |
| 21          |   |       |         |               |         |
| 22          | Adjusted Sales Growth                       | 6.15% | * 30% * | 222.588       | 4.108   |
| 23          |   |       |         |               |         |
| 24          | Normalized Cost of Service - 2006 Test Year |       |         |               | 218.953 |
| 25          |   |       |         |               |         |
| 26          | Savings to be Shared                        |       |         |               | 7.742   |
| 27          |   |       |         |               |         |
| 28          | 50/50 Sharing of Proven Savings             |       |         |               | 3.871   |
| 29          |   |       |         |               |         |
| 30          | Shared Savings Cap                          |       |         |               | 3.871   |

Line 1 Per Division Adjusted Cost of Service

Lines 3, 5, 7, 9, 11, 13

For purposes of this illustration DRI estimated Annual change in Implicit GDP Deflator. Actual change will be used.

Line 4 Line 1 \* Line 3

Line 6 Line 4 \* Line 5

Line 8 Line 6 \* Line 7

Line 10 Line 8 \* Line 9

Line 12 Line 10 \* Line 11

Line 14 Line 12 \* Line 13

Line 16 Per JMM-15, JJB-2a and JJB-2b adjusted for Division adjustment.

Line 18 For purposes of this illustration, Line 16 escalated by 1% weather adjusted sales growth for for six years.

Actual weather adjusted sales will be used

Line 20 (Line 18 - Line 16) / Line 16

Line 22 Line 14 \* Line 20 \* 30%

Line 24 For this illustration, the Normalized COS was assumed to be \$218,953,000. Actual filed COS will be used.

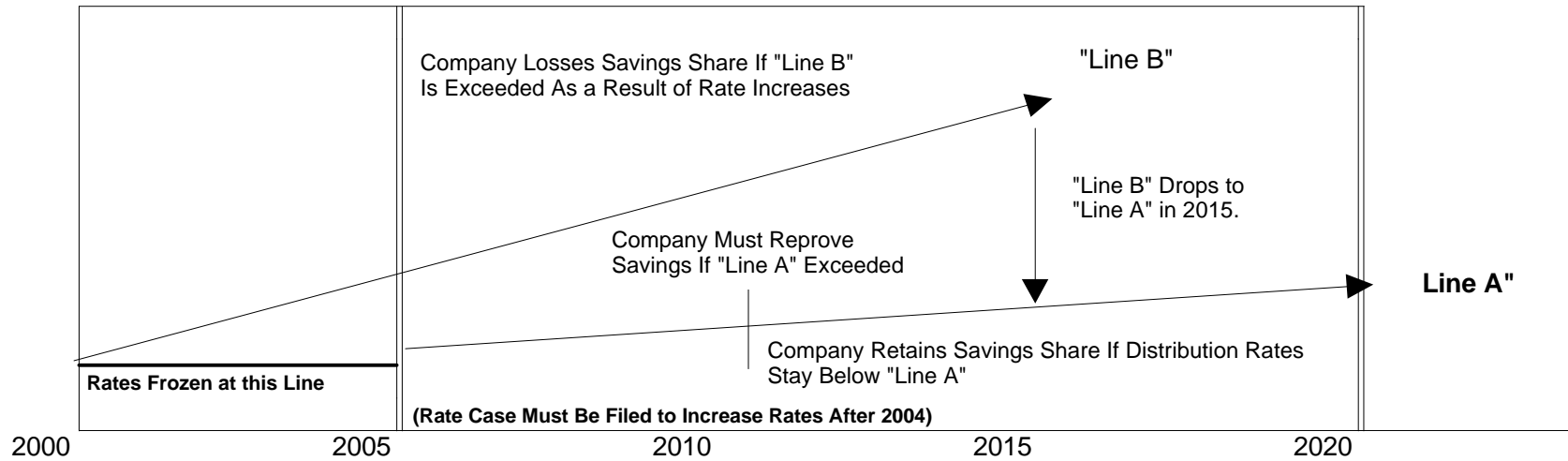
Line 26 Line 14 + Line 22 - Line 24

Line 28 50% of Line 26

Line 30 Minimum of Line 28 or Exhibit 4a, Line 23 inflated @ 50% of GDPIPD

**Exhibit 5**  
**Illustrations of Reopener Provisions and Thresholds**

# Illustration of Limits on Company's Right to Retain or Lose Proven Savings Share After Rate Freeze Period



Line A = 1.9% fixed Jan. 1, 2005 through 2009.  
 80% of Inflation (GDPIPD) Jan. 1, 2010 through 2019.

Line B = Inflation (GDPIPD)

Illustrative Examples of Reopener on Proof of Savings

|   | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008         | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDPIPD Growth Assumptions</b>  |           |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| GDPIPD Growth   | 1.70%     | 1.60%     | 1.70%     | 2.00%     | 2.00%     | 2.20%     | 2.20%     | 2.20%     | 2.30%        | 2.30%     | 2.20%     | 2.50%     | 2.50%     | 2.50%     | 2.70%     | 2.90%     | 3.10%     | 3.40%     | 3.60%     | 3.80%     |
| 80% GDPIPD Growth Settled Rate Freeze Esc   |           |           |           |           |           | 1.90%     | 1.90%     | 1.90%     | 1.90%        | 1.90%     | 1.76%     | 2.00%     | 2.00%     | 2.00%     | 2.16%     | 2.32%     | 2.48%     | 2.72%     | 2.88%     | 3.04%     |
| <b>kWh Growth Assumption (1%)</b>   | 7,098,202 | 7,169,184 | 7,240,876 | 7,313,285 | 7,386,417 | 7,460,282 | 7,534,884 | 7,610,233 | 7,686,336    | 7,763,199 | 7,840,831 | 7,919,239 | 7,998,432 | 8,078,416 | 8,159,200 | 8,240,792 | 8,323,200 | 8,406,432 | 8,490,496 | 8,575,401 |
| <b>Reopener Thresholds</b>  |           |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Cumulative Reopener Threshold   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 1.90%     | 3.80%     | 5.70%        | 7.60%     | 9.50%     | 11.26%    | 13.26%    | 15.26%    | 17.26%    | 19.42%    | 21.74%    | 24.22%    | 26.94%    | 29.82%    |
| Cumulative GDPIPD Threshold   | 0.00%     | 1.70%     | 3.30%     | 5.00%     | 7.00%     | 9.00%     | 11.20%    | 13.40%    | 15.60%       | 17.90%    | 20.20%    | 22.40%    | 24.90%    | 27.40%    | 29.90%    | 19.42%    | 21.74%    | 24.22%    | 26.94%    | 29.82%    |
| <b>Illustration 1 - Company demonstrates ROE less than 10.50% for 2003 curtailing settlement credit as of January 1, 2004 and files a Cost of Service of \$225,000 million effective January 1, 2006.</b> |           |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Benchmark COS Rev Req   | 210,000   | 210,000   | 210,000   | 210,000   | 210,000   |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Hold Harmless   | (425)     |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Settlement Credit   | (2,700)   |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| LIHEAP Expansion  | (575)     |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| 75% of January 1, 2005 increase   |           |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Total   |           |           |           |           |           |           | 210,000   |           |              |           |           |           |           |           |           |           |           |           |           |           |
| <b>kWh Conversion</b>   |           |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Benchmark COS (cents)   | 2.958     |           |           |           |           |           | 2.958     |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Hold Harmless (cents)   | (0.006)   |           |           |           |           |           | 0.000     |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Settlement Credit (cents)   | (0.038)   |           |           |           |           |           | 0.000     |           |              |           |           |           |           |           |           |           |           |           |           |           |
| LIHEAP Expansion (cents)  | (0.008)   |           |           |           |           |           | 0.000     |           |              |           |           |           |           |           |           |           |           |           |           |           |
| 75% of January 1, 2005 increase   |           |           |           |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Avg Cents per kWh   | 2.906     |           |           |           |           |           | 2.958     |           |              |           |           |           |           |           |           |           |           |           |           |           |
| Company Filed COS Rev Req for 2006  |           |           |           |           |           |           |           |           | 225,000      |           |           |           |           |           |           |           |           |           |           |           |
| Rate Year Revenues @ Current rate   |           |           |           |           |           |           |           |           | 222,882      |           |           |           |           |           |           |           |           |           |           |           |
| Revenue Change  |           |           |           |           |           |           |           |           | 2,118        |           |           |           |           |           |           |           |           |           |           |           |
| Percent Revenue Change  |           |           |           |           |           |           |           |           | <b>0.95%</b> | (a)       |           |           |           |           |           |           |           |           |           |           |
| Cumulative Reopener Threshold   |           |           |           |           |           |           |           |           | <b>1.90%</b> | (a)       |           |           |           |           |           |           |           |           |           |           |

(a) Cumulative Percentage Revenue Change is less than the cumulative Reopener Threshold for 2006, continued existence of savings is demonstrated.

Line 4 For purposes of the illustration, DRI estimated GDPIPD growth rates were used. Actual amounts will be used as available  
 Line 5 80% of Line 4  
 Line 6 Settled escalation rate for rate freeze period  
 Line 8 Estimated 2000 MWH per JMM-15, JJB-2a and JJB-2b adjusted for Division kWh adjustment escalated at 1%.  
 Line 12 Sum of annual amounts from Lines 6 and 5  
 Line 13 Sum of annual amounts from Line 4. For Years 2015 - 2019 equal to Cumulative reopener index same as Line 12  
 Line 17 Settled benchmark Cost of Service  
 Line 26 Line 17 divided by Line 8  
 Line 27 Line 19 divided by Line 8  
 Line 28 Line 20 divided by Line 8  
 Line 29 Line 21 divided by Line 8  
 Line 30 Line 22 divided by Line 8  
 Line 33 Total filed Cost of Service revenue requirement  
 Line 35 Rate Year kWh times then current average kWh Rate (Line 31)  
 Line 39 Line 37 divided by Line 35

THE NARRAGANSETT ELECTRIC COMPANY

Narragansett Electric  
BVE/Newport Electric  
R.I.P.U.C. No. 2930  
Settlement Exhibit 5b

Illustrative Examples of Reopener on Proof of Savings

|  | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDPIPD Growth Assumptions</b>   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Est GDPIPD Growth  | 1.70%     | 1.60%     | 1.70%     | 2.00%     | 2.00%     | 2.20%     | 2.20%     | 2.20%     | 2.30%     | 2.30%     | 2.20%     | 2.50%     | 2.50%     | 2.50%     | 2.70%     | 2.90%     | 3.10%     | 3.40%     | 3.60%     | 3.80%     |
| 80% GDPIPD Growth  |           |           |           |           |           |           |           |           |           |           | 1.76%     | 2.00%     | 2.00%     | 2.00%     | 2.16%     | 2.32%     | 2.48%     | 2.72%     | 2.88%     | 3.04%     |
| Settled Rate Freeze Esc  |           |           |           |           |           | 1.90%     | 1.90%     | 1.90%     | 1.90%     | 1.90%     |           |           |           |           |           |           |           |           |           |           |
| <b>kWh Growth Assumption (1%)</b>  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | 7,098,202 | 7,169,184 | 7,240,876 | 7,313,285 | 7,386,417 | 7,460,282 | 7,534,884 | 7,610,233 | 7,686,336 | 7,763,199 | 7,840,831 | 7,919,239 | 7,998,432 | 8,078,416 | 8,159,200 | 8,240,792 | 8,323,200 | 8,406,432 | 8,490,496 | 8,575,401 |
| <b>Reopener Thresholds</b>   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Cumulative Reopener Threshold  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 1.90%     | 3.80%     | 5.70%     | 7.60%     | 9.50%     | 11.26%    | 13.26%    | 15.26%    | 17.26%    | 19.42%    | 21.74%    | 24.22%    | 26.94%    | 29.82%    |
| Cumulative GDPIPD Threshold  | 0.00%     | 1.70%     | 3.30%     | 5.00%     | 7.00%     | 9.00%     | 11.20%    | 13.40%    | 15.60%    | 17.90%    | 20.20%    | 22.40%    | 24.90%    | 27.40%    | 29.90%    | 32.40%    | 34.90%    | 37.40%    | 39.90%    | 42.40%    |
| <b>Illustration 2 - Company petitions for a \$5.0 million increase effective January 1, 2005 and files a Cost of Service of \$245,000 effective January 1, 2008.</b> |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Benchmark COS Rev Req  | 210,000   | 210,000   | 210,000   | 210,000   | 210,000   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Hold Harmless  | (425)     |           |           |           |           | 0         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Settlement Credit  | (2,700)   |           |           |           |           | 0         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| LIHEAP Expansion   | (575)     |           |           |           |           | 0         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 75% of January 1, 2005 increase  |           |           |           |           |           | 3,750     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Total  |           |           |           |           |           | 213,750   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| <b>kWh Conversion</b>  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Benchmark COS (cents)  | 2.958     |           |           |           |           | 2.958     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Hold Harmless (cents)  | (0.006)   |           |           |           |           | 0.000     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Settlement Credit (cents)  | (0.038)   |           |           |           |           | 0.000     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| LIHEAP Expansion (cents)   | (0.008)   |           |           |           |           | 0.000     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 75% of January 1, 2005 increase  |           |           |           |           |           | 0.051     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Benchmark Avg Cents per kWh  |           |           |           |           |           | 3.009     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Company Filed COS Rev Req  |           |           |           |           |           |           |           |           | 245,000   |           |           |           |           |           |           |           |           |           |           |           |
| Rate Year Revenues at Current rate   |           |           |           |           |           |           |           |           | 231,282   |           |           |           |           |           |           |           |           |           |           |           |
| Revenue Change   |           |           |           |           |           |           |           |           | 13,718    |           |           |           |           |           |           |           |           |           |           |           |
| Percent Revenue Change   |           |           |           |           |           |           |           |           | 5.93%     | (a)       |           |           |           |           |           |           |           |           |           |           |
| Cumulative Reopener Threshold  |           |           |           |           |           |           |           |           | 5.70%     | (a)       |           |           |           |           |           |           |           |           |           |           |
| Cumulative GDPIPD Threshold  |           |           |           |           |           |           |           |           | 15.60%    | (a)       |           |           |           |           |           |           |           |           |           |           |

(a) Cumulative Percentage Revenue Change is more than the cumulative Reopener Theshold for 2008 but less than cumulative GDPIPD threshold for 2008, Company must demonstrate continued shared savings.

- Line 4 DRI estimated GDPIPD growth rate
- Line 5 80% of Line 4
- Line 6 Settled escalation rate for rate freeze period
- Line 8 Estimated 2000 MWh per JMM-15, JJB-2a and JJB-2b adjusted for Division kWh adjustment escalated at 1%.
- Line 12 Sum of annual amounts from Lines 6 and 5
- Line 13 Sum of annual amounts from Line 4. For Years 2015 - 2019 equal to Cumulative reopener index same as Line 12
- Line 17 Settled benchmark Cost of Service
- Line 26 Line 17 divided by Line 8
- Line 27 Line 19 divided by Line 8
- Line 28 Line 20 divided by Line 8
- Line 29 Line 21 divided by Line 8
- Line 30 Line 22 divided by Line 8
- Line 33 Total filed Cost of Service revenue requirement
- Line 35 Rate Year kWh times then current average kWh Rate (Line 31)
- Line 39 Line 37 divided by Line 35

Illustrative Examples of Reopener on Proof of Savings

|  | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDPIPD Growth Assumptions</b>   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Est GDPIPD Growth  | 1.70%     | 1.60%     | 1.70%     | 2.00%     | 2.00%     | 2.20%     | 2.20%     | 2.20%     | 2.30%     | 2.30%     | 2.20%     | 2.50%     | 2.50%     | 2.50%     | 2.70%     | 2.90%     | 3.10%     | 3.40%     | 3.60%     | 3.80%     |
| 80% GDPIPD Growth  |           |           |           |           |           |           |           |           |           |           | 1.76%     | 2.00%     | 2.00%     | 2.00%     | 2.16%     | 2.32%     | 2.48%     | 2.72%     | 2.88%     | 3.04%     |
| Settled Rate Freeze Esc  |           |           |           |           |           | 1.90%     | 1.90%     | 1.90%     | 1.90%     | 1.90%     |           |           |           |           |           |           |           |           |           |           |
| <b>kWh Growth Assumption (1%)</b>  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | 7,098,202 | 7,169,184 | 7,240,876 | 7,313,285 | 7,386,417 | 7,460,282 | 7,534,884 | 7,610,233 | 7,686,336 | 7,763,199 | 7,840,831 | 7,919,239 | 7,998,432 | 8,078,416 | 8,159,200 | 8,240,792 | 8,323,200 | 8,406,432 | 8,490,496 | 8,575,401 |
| <b>Reopener Thresholds</b>   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Cumulative Reopener Threshold  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 1.90%     | 3.80%     | 5.70%     | 7.60%     | 9.50%     | 11.26%    | 13.26%    | 15.26%    | 17.26%    | 19.42%    | 21.74%    | 24.22%    | 26.94%    | 29.82%    |
| Cumulative GDPIPD Threshold  | 0.00%     | 1.70%     | 3.30%     | 5.00%     | 7.00%     | 9.00%     | 11.20%    | 13.40%    | 15.60%    | 17.90%    | 20.20%    | 22.40%    | 24.90%    | 27.40%    | 29.90%    | 19.42%    | 21.74%    | 24.22%    | 26.94%    | 29.82%    |
| <b>Illustration 3 - Company's ROE for 2003 exceeds 10.50% and the Company files Cost of Service of \$233,300 million effective January 1, 2008, \$258,300 million effective January 1, 2011 and \$295,300 million effective January 1, 2016.</b> |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Benchmark COS Rev Req  | 210,000   | 210,000   | 210,000   | 210,000   | 210,000   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Hold Harmless  | (425)     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Settlement Credit  | (2,700)   |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| LIHEAP Expansion   | (575)     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 75% of January 1, 2005 increase  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Total  |           |           |           |           |           |           |           |           | 207,300   |           |           |           |           |           |           |           |           |           |           |           |
| <b>kWh Conversion</b>  |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Benchmark COS (cents)  | 2.958     |           |           |           |           |           |           |           | 2.958     |           |           |           |           |           |           |           |           |           |           |           |
| Hold Harmless (cents)  | (0.006)   |           |           |           |           |           |           |           | 0.000     |           |           |           |           |           |           |           |           |           |           |           |
| Settlement Credit (cents)  | (0.038)   |           |           |           |           |           |           |           | (0.038)   |           |           |           |           |           |           |           |           |           |           |           |
| LIHEAP Expansion (cents)   | (0.008)   |           |           |           |           |           |           |           | 0.000     |           |           |           |           |           |           |           |           |           |           |           |
| 75% of January 1, 2005 increase  |           |           |           |           |           |           |           |           | 0.000     |           |           |           |           |           |           |           |           |           |           |           |
| Average Cents per kWh  |           |           |           |           |           |           |           |           | 2.920     |           |           |           |           |           |           |           |           |           |           |           |
| Post Increase Avg Cents per kWh  |           |           |           |           |           |           |           |           | 3.035     |           |           |           | 3.262     |           |           |           |           |           |           | 3.548     |
| Company Filed COS Rev Req  |           |           |           |           |           |           |           |           | 233,300   |           |           |           | 258,300   |           |           |           |           |           |           | 295,300   |
| Rate Year Revenues at Current Rate   |           |           |           |           |           |           |           |           | 224,441   |           |           |           | 240,349   |           |           |           |           |           |           | 271,503   |
| Revenue Change   |           |           |           |           |           |           |           |           | 8,859     |           |           |           | 17,951    |           |           |           |           |           |           | 23,797    |
| Percent Revenue Change   |           |           |           |           |           |           |           |           | 3.95%     | (a)       |           |           | 7.47%     |           |           |           |           |           |           | 8.76%     |
|  |           |           |           |           |           |           |           |           |           |           |           |           | 11.42%    | (b)       |           |           |           |           |           | 20.18%    |
| Cumulative Reopener Threshold  |           |           |           |           |           |           |           |           | 5.70%     | (a)       |           |           | 11.26%    | (b)       |           |           |           |           |           | 19.42%    |
| Cumulative GDPIPD Threshold  |           |           |           |           |           |           |           |           | 15.60%    | (a)       |           |           | 22.40%    | (b)       |           |           |           |           |           | 19.42%    |

(a) Cumulative Percentage Revenue Change is less than the Cumulative Reopener Threshold for 2008, continued existence of savings is demonstrated

(b) Cumulative Percentage Revenue Change is more than the Cumulative Reopener Threshold for 2011 but less than Cumulative GDPIPD threshold for 2011, Company must demonstrate continued shared savings,

(c) Cumulative Percentage Revenue Change is more than the Cumulative Reopener threshold for 2016 and more Cumulative GDPIPD threshold for 2016, shared savings excluded from Cost of Service,

Line 4 DRI estimated GDPIPD growth rate

Line 5 80% of Line 4

Line 6 Settled escalation rate for rate freeze period

Line 8 Estimated 2000 MWH per JMM-15, JJB-2a and JJB-2b adjusted for Division kWh adjustment escalated at 1%.

Line 12 Sum of annual amounts from Lines 6 and 5

Line 13 Sum of annual amounts from Line 4. For Years 2015 - 2019 equal to Cumulative reopener index same as Line 12

Line 17 Settled benchmark Cost of Service

Line 26 Line 17 divided by Line 8

Line 27 Line 19 divided by Line 8

Line 28 Line 20 divided by Line 8

Line 29 Line 21 divided by Line 8

Line 30 Line 22 divided by Line 8

Line 33 Line 35 divided by Line 8

Line 35 Total filed Cost of Service revenue requirement

Line 37 Rate Year kWh times then current average kWh Rate (Immediately preceding Line 31 or Line 33)

Line 41 Line 39 divided by Line 37

**Exhibit 6**  
**Adjustment Provisions**

THE NARRAGANSETT ELECTRIC COMPANY  
NON-BYPASSABLE TRANSITION CHARGE ADJUSTMENT PROVISION

The Non-Bypassable Transition Charge shall collect from customers all Contract Termination Charges billed to the Narragansett Electric Company (the Company) by the New England Power Company or Montaup Electric Company. The Non-Bypassable Transition Charge may be subject to adjustment each time any Contract Termination Charge changes.

On an annual basis, the Company shall reconcile its total cost of Contract Termination Charges against its total transition charge revenue (appropriately adjusted to reflect the Rhode Island Gross Receipts Tax) to determine any excess or deficiency ("Transition Charge Adjustment Balance"). Any positive or negative balance will accrue interest calculated at the rate in effect for customer deposits.

For purposes of the above reconciliation, total transition charge revenues shall mean all revenue collected from customers through the transition charges for the applicable reconciliation period. If there is a positive or negative balance in the then current Transition Charge Adjustment Balance outstanding from the prior period, the balance shall be credited against or added to the new reconciliation amount, as appropriate, in establishing the Transition Charge Adjustment Balance for the new reconciliation period. The Company shall annually determine the Transition Charge Adjustment Balance, if any, for the prior calendar year and make a filing with the Commission.

The transition charges for the Narragansett Zone will be fixed in accordance with the following schedule through 2004:

| Year | Fixed Transition Charge<br>Narragansett Zone |
|------|--|
| 2000 | 1.15   |
| 2001 | 1.05   |
| 2002 | 1.05   |
| 2003 | 1.00   |
| 2004 | 0.95   |

The transition charges in the Blackstone and Newport Zones will be determined by calculating the balance of the Company's total Contract Termination Charge expenses less the estimated transition charge revenues collected in the Narragansett Zone and dividing the balance by the estimated kilowatt-hour deliveries in the Blackstone and Newport Zones. The resulting transition charges in the Blackstone and Newport Zones shall not exceed the amounts established for the period through 2004 as of the date of this Settlement under FERC-approved CTC rates for Blackstone and Newport, respectively ("Transition Charge Maximums"). Once transition charges converge in the three zones, they will be set at the same rates, with applicable adjustments being spread equally among the three zones.

To the extent that Contract Termination Charge expenses are less than the total transition charge revenue collected from customers in any given year, any such overrecoveries (less amounts applied in accordance with Section 10 of the Stipulation and Settlement from Docket 2930) shall be credited to customers, with interest at the customer deposit rate, in the Blackstone and Newport Zones to lower transition charges for the following year. Underrecoveries in any given year may be collected, with interest at the customer deposit rate, in the following year to the extent allowed under the Transition Charge Maximums specified above. To the extent that any Contract Termination Charge expenses are not collected during this period as a result of the Transition Charge Maximums in the Blackstone and Newport Zones, any underrecoveries will be deferred with interest at the customer deposit rate, for recovery after the Rate Freeze Period through a methodology approved by the Commission.

Modifications to the Non-Bypassable Transition Charge shall be in accordance with a notice filed with the Public Utilities Commission (Commission) setting forth the revised charge and the amount of the increase or decrease. The notice shall further specify the effective date of the change.

This provision is applicable to all Retail Delivery Service rates of the Company.

Effective \_\_\_\_\_

**THE NARRAGANSETT ELECTRIC COMPANY  
STANDARD OFFER ADJUSTMENT PROVISION**

The prices contained in the applicable rates of the Company are subject to adjustment to reflect the power purchase costs incurred by the Company in arranging Standard Offer Service, which costs are not recovered from Customers through the Standard Offer Service rate charged to Standard Offer customers.

On an annual basis, the Company shall reconcile its total cost of purchased power for Standard Offer Service supply against its total purchased power revenue (appropriately adjusted to reflect the Rhode Island Gross Receipts Tax), and the excess or deficiency (Standard Offer Adjustment Balance) shall be refunded to, or collected from, customers through the rate recovery/refund methodology approved by the Commission at the time the Company files its annual reconciliation. Any positive or negative balance will accrue interest calculated at the rate in effect for customer deposits.

For purposes of the above reconciliation, total purchased power revenues shall mean all revenue collected from Standard Offer Service customers through the Standard Offer rate for the applicable 12 month reconciliation period. If there is a positive or negative balance in the then current Standard Offer Adjustment account outstanding from the prior period, the balance shall be credited against or added to the new reconciliation amount, as appropriate, in establishing the Standard Offer Adjustment Balance for the new reconciliation period.

By March 1 of each year, the Company shall determine the Standard Offer Adjustment Balance for the prior calendar year and make a filing with the Commission. The Company will propose at that time a rate recovery/refund methodology to recover or refund the balance, as appropriate, over the twelve month period commencing April 1. The Commission may order the Company to collect or refund the balance over any reasonable time period from (i) all customers, (ii) only Standard Offer Service customers, or (iii) through any other reasonable method.

This provision is applicable to all Retail Delivery Service rates of the Company.

Effective June 1, 1998

THE NARRAGANSETT ELECTRIC COMPANY  
CONSERVATION AND LOAD MANAGEMENT  
ADJUSTMENT PROVISION

The prices contained in the applicable rates of the Company are subject to adjustment to reflect conservation and load management activities undertaken by the Company. Such activities shall be reviewed and approved annually by the Public Utilities Commission.

1. The Conservation and Load Management Adjustment for the Company shall be annually determined as follows:
  - a) On or before October 1, of each calendar year, the Company shall file a notice with the Public Utilities Commission describing its proposed conservation and load management activities for the following calendar year.
  - b) The Commission shall have authority to review and approve, with or without modifications, the Company's proposed conservation and load management activities and establishing the amount that the Company shall be authorized to collect through rates to reflect these activities.
  - c) The amount of the Conservation and Load Management Adjustment for the following calendar year shall be an amount, computed to the nearest thousandth of a cent ( appropriately adjusted to reflect the Rhode Island Gross Earnings Tax), equal to the amount approved by the Public Utilities Commission pursuant to paragraph 1(b) above divided by estimated total kilowatthour sales for the following calendar year.

**R.I.P.U.C. No. 887**  
**Sheet 2**

2. The Conservation and Load Management Adjustment as determined in paragraph 1 above shall become effective with respect to bills for meter readings on and after January 1 of the following calendar year and will apply to all rates of the Company.
3. If conditions experienced or reasonably anticipated during a calendar year when a Conservation and Load Management Adjustment factor is in effect indicate that the total amount to be collected by the Company during the calendar year will vary by ten percent or more above or below the amount the Public Utilities Commission has authorized to be collected during the calendar year, the Company may apply to the Public Utilities Commission for approval and authorization of an appropriate interim increase or decrease in the Conservation and Load Management Adjustment Factor to be applicable during the remainder of said calendar year.
4. Any differential between the actual and authorized amounts collected and/or conservation funds expended pursuant to this Conservation and Load Management Adjustment Provision during a calendar year shall, with interest, be added to or subtracted from the amount to be collected during the following calendar year. If actual amounts are not available for any period they shall be estimated for purposes of the above calculation and adjusted the following year based on actual data.

**Effective: January 1, 1990**

THE NARRAGANSETT ELECTRIC COMPANY  
TRANSMISSION SERVICE COST ADJUSTMENT PROVISION

The Transmission Service Cost Adjustment (TCA) shall collect from customers transmission costs billed to the Narragansett Electric Company (Narragansett or the Company) by entities such as the New England Power Company, by any other transmission provider, and by regional transmission entities such as the New England Power Pool, a regional transmission group, an independent system operator or any other entity that is authorized to bill Narragansett Electric directly for transmission services.

On the Effective Date of this adjustment provision, the TCA shall be separately determined for the Customers in the Narragansett, Blackstone and Newport zones to reflect the transmission costs of those companies prior to the Effective Date as determined by a filing made by the Companies at least 30 days prior to the Effective Date.

Effective on January 1, 2001, the transmission service cost adjustment shall be a uniform cents per kilowatthour factor applicable to all kilowatthours delivered by the Company. The factor shall be established annually based on a forecast of transmission costs, taking into account revenues that will be received from base rate transmission charges, and shall include a full reconciliation and adjustment for any over- and under-recoveries of transmission costs incurred during the prior year. The Company may file to change the factor adjustment at any time should significant over- and under-recoveries occur. The reconciliation shall calculate all revenues received by the Company through the base rate transmission charges and this TCA, compare these revenues to all transmission costs incurred during the corresponding year, pass through the resulting credit or charge, as appropriate, on a uniform per kWh basis, as provided above.

Modifications to the Transmission Service Cost Adjustment Factor shall be in accordance with a notice filed with the Public Utilities Commission (the Commission) setting forth the amount of the revised factor and the amount of increase or decrease. The notice shall further specify the effective date of such changes.

Effective April 1, 2000

**Exhibit 7**  
**Service Quality Performance Standards**

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

The Narragansett Electric Company (“Narragansett Electric” or the “Company”) shall establish the performance standards for reliability and service that are set forth in this document. The standards are designed as a penalty-only approach, under which the Company would be penalized if its performance did not meet the standards, measured on a cumulative basis. The Company receives no reward for performance which exceeds the standard. However, positive performance in one category can be used to offset penalties in other categories in any given year, except that offsets earned for the two Customer Service standards can only be used in the year earned to offset any other standard, and offsets earned in the four Reliability standards can either be used in the year earned or in the following year. If there are negative balances or penalties reflected in the cumulative balance in the year following the end of the rate freeze agreed to in this settlement, the entire balance shall be credited to customers. The manner in which the penalty is credited to customers will be determined by the Commission at that time.

The maximum penalty authorized under the standards set forth below is \$2.4 million per year. The Performance Standards set forth below shall remain in effect from the effective date of the settlement through the effective date of the Company’s next base rate case provided, however, either the Division or the Company may request modification or termination of this plan after December 31, 2004 otherwise, the plan will remain until it is modified by the Commission.

NOTE: When interpreting the performance standards that follow, please note that pages 6 through 9 of this Exhibit contain definitions of terms used in the standards.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**FREQUENCY OF INTERRUPTIONS PER CUSTOMER SERVED**

| <u>Year</u>        | <u>Frequency-<br/>Coastal*</u> | <u>Frequency-<br/>Capital*</u> |
|--------------------|--------------------------------|--------------------------------|
| 1999               | 1.34                           | 0.99                           |
| 1998               | 1.05                           | 0.80                           |
| 1997               | 1.17                           | 0.81                           |
| 1996               | 0.99                           | 1.05                           |
| 1995               | 1.59                           | 1.50                           |
| 1994               | 1.39                           | 1.16                           |
| 1993               | 0.93                           | 1.05                           |
| Mean               | 1.21                           | 1.05                           |
| Standard Deviation | 0.22                           | 0.22                           |

**PERFORMANCE STANDARD - Frequency of Interruptions:**

| <u>Frequency-<br/>Coastal<br/>Target</u> | <u>(Penalty)/<br/>Offset</u> | <u>Frequency-<br/>Capital<br/>Target</u> | <u>(Penalty)/<br/>Offset</u> |
|--|------------------------------|--|------------------------------|
| More than 1.65                           | (\$500,000)                  | More than 1.49                           | (\$500,000)                  |
| 1.44-1.65                                | linear interpolation         | 1.28-1.49                                | linear interpolation         |
| 0.99-1.43                                | \$ 0                         | 0.83-1.27                                | \$ 0                         |
| 0.77-0.98                                | linear interpolation         | 0.61-0.82                                | linear interpolation         |
| Less than 0.77                           | \$375,000                    | Less than 0.61                           | \$375,000                    |

\*The calculations are based on data for the two proposed operating areas of the combined companies - Coastal and Capital. Interruptions from “extraordinary events” are excluded, as described in the attached criteria.

$$\text{Frequency per Customer Served} = \frac{\text{Number of Customers Interrupted}}{\text{Number of Customers Served}}$$

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**DURATION OF INTERRUPTIONS PER CUSTOMER SERVED**

| <u>Year</u>        | <u>Duration-<br/>Coastal*</u> | <u>Duration-<br/>Capital*</u> |
|--------------------|-------------------------------|-------------------------------|
| 1999               | 100.0                         | 57.9                          |
| 1998               | 54.4                          | 32.5                          |
| 1997               | 67.0                          | 56.6                          |
| 1996               | 56.1                          | 75.3                          |
| 1995               | 76.6                          | 70.9                          |
| 1994               | 56.9                          | 55.5                          |
| 1993               | 63.2                          | 54.0                          |
| Mean               | 67.7                          | 57.5                          |
| Standard Deviation | 15.0                          | 12.8                          |

**PERFORMANCE STANDARD - Duration of Interruptions:**

| <u>Duration-<br/>Coastal<br/>Target</u> | <u>(Penalty)/<br/>Offset</u> | <u>Duration-<br/>Capital<br/>Target</u> | <u>(Penalty)/<br/>Offset</u> |
|---|------------------------------|---|------------------------------|
| More than 97.7                          | (\$500,000)                  | More than 83.1                          | (\$500,000)                  |
| 82.8-97.7                               | linear interpolation         | 70.4-83.1                               | linear interpolation         |
| 52.7-82.7                               | \$ 0                         | 44.7-70.3                               | \$ 0                         |
| 37.7-52.6                               | linear interpolation         | 31.9-44.6                               | linear interpolation         |
| Less than 37.7                          | \$375,000                    | Less than 31.9                          | \$375,000                    |

\*The calculations are based on data for the two proposed operating areas of the combined companies - Coastal and Capital. Interruptions from “extraordinary events” are excluded, as described in the attached criteria.

$$\text{Duration per Customer Served (minutes)} = \frac{\text{Customer Minutes Interrupted}}{\text{Number of Customers Served}}$$

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS  
CUSTOMER CONTACT**

| <u>Year</u>        | <u>% Satisfied*</u> |
|--------------------|---------------------|
| 1999               | 82.1%               |
| 1998               | 77.8%               |
| 1997               | 79.5%               |
| Mean               | 79.8%               |
| Standard Deviation | 1.8%                |

**PERFORMANCE STANDARD - Customer Contact:**

| <u>% Satisfied</u><br><u>Target</u> | <u>(Penalty)/</u><br><u>Offset</u> |
|-------------------------------------|------------------------------------|
| Less than 76.2%                     | (\$200,000)                        |
| 76.2-77.9                           | linear interpolation               |
| 78.0-81.6                           | \$ 0                               |
| 81.7-83.4                           | linear interpolation               |
| More than 83.4%                     | \$150,000                          |

\*The calculations are based on responses from customers of Narragansett Electric Company, based on surveys performed by an independent third party consultant. A sample of customers who have contacted the call center are surveyed in order to determine their level of satisfaction with their contact. Eight types of transactions are included in the survey, and the overall results are weighed based on the number of these transactions actually performed at the call center during the year.

The percent satisfied represents the responses in the top two categories of customer contact satisfaction under a seven point scale, where 1=extremely dissatisfied and 7=extremely satisfied.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**TELEPHONE CALLS ANSWERED WITHIN 20 SECONDS**

| <u>Year</u>        | <u>Percent of<br/>Calls Answered<br/>Within 20 Secs*</u> |
|--------------------|--|
| 1999               | 76.9%  |
| 1998               | 80.9%  |
| 1997               | 76.7%  |
| 1996               | 70.2%  |
| Mean               | 76.2%  |
| Standard Deviation | 3.8%   |

**PERFORMANCE STANDARD - Telephone Calls Answered within 20 Seconds:**

| <u>% Calls Answ<br/>Within 20 Secs<br/>Target</u> | <u>(Penalty)/<br/>Offset</u> |
|---|------------------------------|
| Less than 68.6%                                   | (\$200,000)                  |
| 68.6-72.3   | linear interpolation         |
| 72.4-80.0   | \$ 0                         |
| 80.1-83.8   | linear interpolation         |
| More than 83.8%                                   | \$150,000                    |

\*The calculations are based on data for Narragansett Electric Company's Providence call center. Eastern Utilities Associates cannot separate calls between Massachusetts and Rhode Island.

$$\text{Percent of Calls Answered Within 20 Secs} = \frac{\text{Total Calls Answered Within 20 Seconds}}{\text{Total Calls Answered}}$$

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**DEFINITIONS OF  
PERFORMANCE STANDARD  
MEASUREMENTS**

**INTERRUPTION EVENT**

The loss of service to more than one (1) customer for more than one (1) minute.

**INTERRUPTION DURATION**

The period of time, measured in minutes, from the initial notification of the interruption event to the time when service has been restored to the customers.

**NUMBER OF CUSTOMERS SERVED**

The number of customers taking electric service within the defined reporting service area on the last day of the reporting period.

**NUMBER OF CUSTOMERS INTERRUPTED**

The sum of the customers losing electric service for any defined grouping of interruption events during the reporting period.

**CUSTOMER MINUTES OF INTERRUPTION**

The product of the number of customers interrupted and the interruption duration for any interruption event. Also, the sum of those products for any defined groupings of interruption events.

**EXTRAORDINARY EVENTS**

A particular interruption event will be considered extraordinary, and will not count towards the Reliability Performance Standards, if it meets one of the following criteria:

- (1) It was the result of a major weather event which causes more than 10% of a district or total company customers to be without service at a given time.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

- (2) It was due to the failure of other companies' supply or transmission to Narragansett Electric customers and restoration of service was beyond the reasonable control of the Company and its employees.
- (3) It occurred because of an extraordinary circumstance, including, without limitation, a major disaster, earthquake, wild fire, flood, terrorism, or any other event beyond the reasonable control of the Company.

**LINEAR INTERPOLATION**

- 1) The actual performance or penalty each year will be calculated and the result will be scaled or interpolated linearly between the relevant two points of the results range and the relevant two points on the dollar range.
- 2) The method of determining the actual penalty, or offset, of each performance standard is determined by multiplying the value of the penalty, or offset, by the absolute value of the actual performance indicator minus the value of the first standard deviation from the mean of that indicator, divided by the value of the second standard deviation of the mean of that indicator minus the value of the first standard deviation from the mean of that indicator.

$$\text{\$ Penalty or Offset} = \text{Penalty or Offset \$ Value} \times \frac{\text{Actual} - 1^{\text{st}} \text{ standard deviation}}{2^{\text{nd}} \text{ standard deviation} - 1^{\text{st}} \text{ standard deviation}}$$

**CUSTOMER CONTACT**

The calculations are based on responses from customers of Narragansett Electric Company, based on surveys performed by an independent third party consultant. A sample of customers who have contacted the call center are surveyed in order to determine their level of satisfaction with their contact. The company will maintain the same levels of statistical precision of the results as in prior surveys. Eight types of transactions are included in the survey, and the overall results are weighed based on the number of these transactions actually performed at the call center during the year. The eight types of transactions are power Interruptions, meter on, meter off, meter exchange, collection, payment plan, meter reread, and meter test.

The percent satisfied represents the responses in the top two categories of customer contact satisfaction under a seven-point scale, where 1=extremely dissatisfied and 7=extremely satisfied.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**TELEPHONE CALLS ANSWERED WITHIN 20 SECONDS**

The percent of calls answered within 20 seconds is calculated by dividing the number of calls answered by a customer service representative within 20 seconds by the total number of calls answered by a customer service representative during the year. A call is considered answered when it reaches a customer service representative; abandoned calls are not considered. All calls that are answered by a customer service representative are included in the measurement of percentage answered; there are no exclusions. The time to answer is measured once the customer selects the option to speak with a customer service representative and thus leaves the recordings in the Voice Response Unit.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**ADDITIONAL REPORTING CRITERIA**

1. Each quarter, the company will file a report of 5% of all circuits designated as worst performing on the basis of customer frequency.

Included in the report will be:

1. The circuit id and location
2. The number of customers served
3. The towns served
4. The number of events
5. The average duration
6. The total customer minutes
7. A discussion of the cause or causes of events
8. A discussion of the action plan for improvement including timing

2. Narragansett will track and report monthly the number of calls it receives in the category of Trouble, Non-Outage. This includes inquiries about dim lights, low voltage, half-power, flickering lights, reduced TV picture size, high voltage, frequently burned out bulbs, motor running problems, damaged appliances and equipment, computer operation problems and other non-Interruptions related inquiries.

3. In addition, Narragansett will report its annual meter reading performance as an average of monthly percentage of meters read.

**Exhibit 8**  
**Terms and Conditions**

## THE NARRAGANSETT ELECTRIC COMPANY

### TERMS AND CONDITIONS

The following Terms and Conditions where not inconsistent with the rates are a part of all rates. The provisions of these Terms and Conditions apply to all persons, partnerships, corporations or others (the Customer) who obtain local distribution service from The Narragansett Electric Company (the Company) and to companies that are non-regulated power producers, as defined in Rhode Island General Laws. All policies, standards, specifications, and documents referred to herein have been filed with the Rhode Island Public Utilities Commission (Commission) and Division, and such documents and any revisions have been filed at least 30 days before becoming effective. Compliance by the Customer and non-regulated power producer is a condition precedent to the initial and continuing delivery of electricity by the Company:

#### Service Connection

1. The Customer shall wire to the point designated by the Company, at which point the Company will connect its facilities. In addition, the Customer's facilities shall comply with any reasonable construction and equipment standards required by the Company for safe, reliable, and cost efficient service.

#### Application for Service

2. Application for new service or alteration to an existing service should be made as far in advance as possible to assure time for engineering, ordering of material, and construction. Upon the Company's reasonable request, the Customer shall provide to the Company all data and plans reasonably needed to process this application.

#### Line Extensions [Overhead (OH) & Underground (UG)]

3. The Company shall construct or install overhead or underground distribution facilities or other equipment determined by the Company to be appropriate under the following policies: Line Extension Policy for Residential Developments, Line Extension Policy for Individual Residential Customers, and Line Extension and Construction Advance Policy for Commercial, Industrial and Non-residential Customers. Whenever it is necessary to provide service and a Customer requests the Company to extend or install poles, distribution lines or other service equipment to the Customer's home, premises or facility in order to supply service, the Company will furnish the

necessary poles, wires, or equipment in accordance with the Company's "Line Extension and Construction Advance Policies" on file with the Commission. Except as provided in the "Policies", all such equipment, poles, and wires shall remain the property of the Company and be maintained by it in accordance with the "Policies". To the extent that any Company property needs to be located on private property, the Company will require the Customer to furnish a permanent easement.

#### Attachments

4. Any individual or organization who requests an attachment to distribution facilities, utility poles, or along any span between such poles, shall comply with the Company's specifications and policies governing the type of construction, metering, attachment fees, easements, permissions and electrical inspections required.

#### Outside Basic Local Distribution Services

5. Customers requesting the Company to arrange for Customer facility outages or additional maintenance or construction not normally part of basic local distribution service will be notified in a reasonable timely manner by the Company that the customer shall be required to pay these the Company's costs of reasonably meeting the request.

#### Acquisition of Necessary Permits

6. The Company shall make, or cause to be made, application for any necessary street permits, and shall not be required to supply service until a reasonable time after such permits are granted. The Customer shall obtain or cause to be obtained all permits or certificates, except street permits, necessary to give the Company or its agents access to the Customer's equipment and to enable its conductors to be connected with the Customer's equipment.

#### Service to "Out-Building"

7. The Company shall not be required to install service or meter for a garage, barn or other out-building, so located that it may be supplied with electricity through a service and meter in the main building.

### Customer Furnished Equipment

8. The Customer shall furnish and install upon its premises such service conductors, service equipment, including circuit breaker if used, and meter mounting device as shall conform with specifications issued from time to time by the Company, and the Company will seal such service equipment and meter mounting device, and adjust, set and seal such ~~on~~ circuit breaker, and such seals shall not be broken and such adjustments or settings shall not be changed or in any way interfered with by the Customer.

The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, and foundations for all equipment that is installed on its premises in order to supply the Customer with local distribution service, whether such equipment is furnished by the Customer or the Company. Such space, housing, fencing, and foundations shall be in conformity with the Company's specifications and subject to its approval.

### Up-Keep of Customer Equipment

9. The Customer's wiring, piping, apparatus and equipment shall, at all times, conform to the requirements of any legally constituted authorities and to those of the Company, and the Customer shall keep such wiring, piping, apparatus and equipment in proper repair.

### Installation of Meters

10. Meters of either the indoor or outdoor type shall be installed by the Company at locations to be designated by the Company. The Company may at any time change any meter installed by it. The Company may also change the location of any meter or change from an indoor type to an outdoor type, provided that the cost of the change shall be borne by the Company except when such change is pursuant to the provisions of Paragraph 11. Upon the reading of the Company's meter all bills shall be computed. If more than one meter is installed, unless it is installed at the Company's option, the monthly charge for local distribution service delivered through each meter shall be computed separately under the applicable rates.

### Unauthorized and Unmetered Use

11. Whenever the Company determines that an unauthorized and unmetered use of electricity is being made on the premises of a Customer and is causing a loss of revenue to the Company, the

Company may, at the Customer's expense, make such changes in the location of its meters, appliance and equipment on said premises as will, in the opinion of the Company, prevent such unauthorized and unmetered use from being made.

#### Definition of Month

12. Whenever reference is made to "month" in connection with electricity delivered or payments to be made, it shall mean the period between two successive regular monthly meter readings or estimated meter readings, the second of which occurs in the month to which reference is made. If the Company is unable to read the meter when scheduled, the necessary billing determinants may be estimated. Bills may be rendered on such estimated basis and will be payable as so rendered. Should the Company be requested to perform an off-cycle meter reading to facilitate a Customer request to change their non-regulated power producer, the Company will reasonably accommodate such a request, for which the Customer will be charged a fee not to exceed \$20.

#### Payment Due Date -- Interest Charge

13. All bills shall be due and payable upon receipt. Bills rendered to customers, other than individually metered residential customers, on which payment has not been received by the "Avoid Interest Date" as shown on the bill, shall bear interest, at the rate of 1¼% per month on any unpaid balance, including any outstanding interest charges, from the date of receipt until the date of payment. The "Avoid Interest Date" corresponds to the next normal bill preparation date.

Bills disputed in good faith by a Customer will not be subject to the late payment charge until after the dispute is resolved.

Customer payment responsibilities with their non-regulated power producer will be governed by the particular Customer/non-regulated power producer contract. Payments made through the Company for electricity purchased from a non-regulated power supplier will be applied first to any Narragansett charges or arrearages.

#### Returned Check Fee

14. A \$15.00 Fee shall be charged to the Customer for each check presented to the Company that is not honored by the financial institution. This fee shall be applicable only where the check has been dishonored after being deposited for a second time.

#### Seasonal Customers

15. Seasonal Customers are those using local distribution services between June 1st and September 30th only, or those using local distribution services principally between June 1st and September 30th and incidentally or intermittently during the rest of the year.

#### Deposit and Security

16. The Company may require a cash deposit or other collateral satisfactory to it as security for prompt payment of the Customer's indebtedness to the Company. The rate of interest shall be adjusted on March 1st annually. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board.

#### Payments for Line Extensions

17. The Company may require a Customer to pay for all or a portion of the cost of extending or installing poles, distribution lines, or equipment to the Customer's home, premises or facility, consistent with the terms of the Company's "Line Extension and Construction Advance Policies" on file with the Commission.

#### Determining Customer's Demand

18. The demand is the maximum rate of taking electricity. Under ordinary load conditions it will be based upon one or more fifteen-minute peaks as herein defined. A fifteen-minute peak is the average rate of delivery of electricity during any fifteen-minute period as determined by any suitable instrument chosen by the Company. In the case of extremely fluctuating load, however, where the demand based on the average over fifteen minutes does not fairly represent the maximum demand imposed by the Customer, the demand will be based upon the instantaneous peak or the peak for a shorter period than fifteen minutes. Such measurements will be made by any suitable instrument chosen by the Company. The demand which is billed to the Customer is determined according to the terms of the appropriate tariffs approved by the PUC from time to time.

#### Customer Changing Rates

19. The Customer may change from the rate under which he is purchasing electricity to any other

rate applicable to a class of service which he is receiving. Any change, however, shall not be retroactive, nor reduce, eliminate or modify any contract period, provision or guarantee made in respect to any line extension or other special condition. Nor shall such change cause such service to be billed at any rate for a period less than that specified in such rate except during the first year of electric service to any Customer. A Customer having changed from one rate to another may not again change within twelve months or within any longer contract period specified in the rate under which he is receiving electric service.

#### Discontinuance of Service

20. Subject to the Rules and Regulations of the Commission, the Company shall have the right to discontinue its service upon due notice and to remove its property from the premises in case the Customer fails to pay any bill due the Company for such service, or fails to perform any of its obligations to the Company. For restoration of service after such discontinuance, a reconnection charge of \$10.00 will be made.

#### Right of Access

21. The Company shall have the right of access to the Customer's premises at all reasonable times for the purpose of examining or removing the Company's meters, and other appliances and equipment. During emergency conditions, the Company shall have the right of access to the Customer's premises at all hours of the day to make conditions safe and/or to restore service.

#### Safeguarding Company Equipment

22. The Customer shall not permit access for any purpose whatsoever, except by authorized employees of the Company, to the meter or other appliances and equipment of the Company, or interfere with the same, and shall provide for their safe keeping. In case of loss or damage of the Company's property, the Customer shall pay to the Company the value of such property or the cost of making good the same.

#### Temporary Service

23. A temporary connection is local distribution service which does not continue for a sufficient period to yield the Company adequate revenue at its regular local distribution service rates to justify the expenditures necessary to provide such a connection. The Company may require a Customer requesting a temporary connection to pay the full amount of the estimated cost of installing and

removing the requested connection, less estimated salvage value, in advance of the installation of the connection by the Company. In addition, the customer shall pay the applicable regular local distribution service and, if applicable, basic or standard offer service rates.

#### Limitation of Liability for Service Problems,

24. The Company shall not be liable for any damage to equipment or facilities using electricity which damage is a result of Service Problems, or any economic losses which are a consequence of Service Problems. For purposes of this paragraph, the term "Service Problems" means any service interruption, power outage, voltage or amperage, fluctuations, discontinuance of service, reversal of its service, or irregular service caused by accident, labor difficulties, condition of fuel supply or equipment, federal or state agency order, failure to receive any electricity for which the Company has contracted, or any other causes beyond the Company's immediate control.

However, if the Company is unable for any reason to supply electricity for a continuous period of two days or more, then upon the request of the Customer, the Demand Charge, if any, shall be suspended for the duration of such inability.

The Company shall not be liable for damage to the person or property of the Customer or any other persons resulting from the use of electricity or the presence of the Company's appliances and equipment on the Customer's premises.

#### Limitation on Use of Electricity - Auxiliary & Temporary Local Distribution Service

25. Local distribution service supplied by the Company shall not be used to supplement or relay, or as standby or back up to any other electrical source or service except under the provisions of the Auxiliary Service Rate or Back-Up Service Rate, unless the Customer shall makes such guarantees with respect to the payment for such local distribution service as shall be just and reasonable in each case. Where such local distribution service is supplied, the Customer shall not operate its generation in parallel with the Company's system without the consent of the Company, and then only under such conditions as the Company may specify from time to time.

#### Company Right to Place Facilities on Customer Property

26. The Company has the right to place on a Customer's property facilities to provide and meter electric service to the Customer.

### Company Right to Request a Guarantee

27. Whenever the estimated expenditures for the services or equipment necessary to deliver electricity to a Customer's premises shall be of such an amount that the income to be derived therefrom at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditures, the Company may require a Customer to guarantee a minimum annual payment or commitment for a term of years, or to pay the whole or a part of the cost of such equipment.

### Ongoing Power Service

~~28. Customers who have not contracted for a power supply with a non-regulated power producer may elect service from the Company's approved tariffs for Interim Power Service until such time as Standard Offer Service is available, at which time Interim Power Service will not be available.~~

### Fluctuating Load & Harmonic Distortion

~~28.~~ 29. In certain instances, extreme fluctuating loads or harmonic distortions which are created by a Customer's machinery or equipment may impair service to other Customers. If the fluctuating load or harmonic distortion causes a deterioration of the Company's service to other customers, the Company shall specify a service arrangement that avoids the deterioration and the Customer owning or operating the equipment that causes the fluctuation or distortion shall pay the cost to implement the new service arrangement together with applicable taxes.

### Customer Tax Liability

~~29.~~ 30. The Company shall collect taxes imposed by governmental authorities on services provided or products sold by the Company. It shall be the Customer's responsibility to identify and request any exemption from the collection of the tax by filing appropriate documentation with the Company.

### Customer/Supplier Relationship

~~30.~~ 31. For electricity supplied by non-regulated power producers, the Company is a local distribution service provider of electricity supplied by others. When such electricity is supplied and delivered to the Company's local distribution supply point, the Company then performs a delivery service for the electricity. Ownership of such electricity lies with either the non-regulated power producer or

Customer, as per the specific agreement between the Customer and the non-regulated power producer. In no case shall the Company be liable for loss of electricity.

### Customer Notice and Right to Appeal

~~3231.~~ Where practicable, the Company will give the Customer reasonable notice of actions taken pursuant to these Terms & Conditions. The Customer shall have the right to appeal, pursuant to the Division's Rules of Practice and Procedure, all action taken by the Company hereunder.

### Switching Between Tariffs

~~33. A Customer taking service on a Retail Delivery Service rate may change to another applicable Retail Delivery Service rate at any time, except that once a customer changes to the new rate, the Customer must stay on that rate for at least one year.~~

~~A Customer taking service on an Interim Power Service rate may change to another applicable Interim Power Service rate at any time, except that once a Customer changes to the new rate, the Customer must stay on that rate for at least one year.~~

~~Customers may change from a Retail Delivery Service rate to an applicable Interim Power Service rate at any time, subject to the limitations contained in the Terms and Conditions for Non-Regulated Power Producers.~~

~~Prior to Standard Offer Service being applicable, Customers taking Retail Delivery Service may switch back to an applicable Interim Power Service rate, subject to the limitations suppliers contained in the Terms and Conditions for Non-Regulated Power Producers.~~

### Definitions of Zones

32. For purposes of interpreting rates, tariffs and Terms and Conditions, the following terms will have the meanings as follows:

Narragansett Zone is the cities and towns of: Providence, North Providence, East Providence, Cranston, Johnston, Smithfield, Scituate, Foster, Gloucester, Warren, Barrington, Bristol, Tiverton, Little Compton, Warwick, West Warwick, East Greenwich,

Coventry, North Kingstown, Westerly, Richmond, Charlestown, Exeter, Hopkinton,  
Narragansett, South Kingstown and West Greenwich.

Blackstone Valley Zone is the cities and towns of: Pawtucket, Central Falls, Cumberland,  
Lincoln, Woonsocket, North Smithfield, and Burrillville

Newport Zone is the cities and towns of: Newport, Middletown, Portsmouth, and  
Jamestown.

**Exhibit 9**  
**List of Manufactured Gas Plant Locations**

## **List of Manufactured Gas Plant Locations**

Washington Street, Bristol

Thames Street, Bristol

Main Street, Warren

Canal Street, Westerly

Industrial Drive, Westerly

Tidewater Street, Pawtucket

Exchange Street, Pawtucket

High Street, Central Falls

Hamlet Ave, Woonsocket

Pond Street, Woonsocket

Cumberland (remote disposal location)

Lawn Street, Attleboro, Mass.

Mendon Road, Attleboro, Mass.