

On Dec. 21, 2005 regulatory approval was granted for an overall electricity bill increase of 14.7 percent for National Grid's Rhode Island customers. The new rates took effect on Jan. 1, 2006. The typical National Grid customer using 500 kilowatt-hours of electricity will see an increase of \$10.36 in their monthly bill, which will rise from \$70.58 to \$80.94.

More than 90 percent of the increase is the result of the higher cost of the electricity National Grid purchases for our customers. Electricity prices have increased markedly in recent months because a season of damaging hurricanes and tighter supplies resulted in a significant rise in the price of natural gas and oil. The price National Grid pays for electricity is directly linked to the price of these fuels. The amount National Grid pays for electricity is passed directly on to customers without mark-up. The company doesn't profit from the higher prices.

The remainder of the increase approved by the Public Utilities Commission came through year-end accounting reconciliations and the completion of a customer credit, which was instituted in November 2004 and returned nearly \$28 million to our customers.

The PUC also approved a plan for our Rhode Island customers to share in an \$8.5 million credit to reduce the delivery portion of their bills. Additionally, customers in the Low Income rate will receive credits totaling \$2 million to help mitigate the impact of higher supply prices.