

THE NARRAGANSETT ELECTRIC COMPANY
ENERGY EFFICIENCY PROGRAM PROVISION

All Customers receiving Retail Delivery Service from The Narragansett Electric Company (Company) will be charged for the Company's cost effective Energy Efficiency Program (EEP) pursuant to R.I. Gen. Laws Section 39-1-27.7. The charge for the Company's EEP will be a uniform per kWh charge applicable to all rate classes (EEP Charge).

The Company will file its EEP Charge on or before October 15 of each year. In any year in which the Company is required to file a triennial Energy Efficiency Procurement Plan, the Company will file the EEP Charge by November 1. The EEP Charge shall be effective on the following January 1.

The EEP Charge will be designed to collect the estimated incremental costs of the Company's upcoming EEP that are not otherwise funded through other sources, plus any projected over or under funding of the current program year's expenditures, including interest earned at the rate in effect for customer deposits. The EEP Charge shall be adjusted to include an allowance for the Company's uncollectible accounts receivables associated with amounts billed through the EEP Charge at the uncollectible percentage approved by the Commission in the Company's most recent general rate case. Other funding sources will include (1) revenue generated by ISO-New England's Forward Capacity Market; (2) revenue generated through Regional Greenhouse Gas Initiative permit auctions; and (3) other funding as approved by the Commission. The EEP shall also reconcile actual and projected costs incurred by the Company for the current plan period against actual and projected funding received from all sources (including the EEP Charge). Any projected amounts included in the annual EEP Charge filing are subject to reconciliation to actual amounts and any difference will be reflected in a future annual EEP Charge filing. The Company may file to change the EEP Charge at any time should significant over- or under-recoveries occur.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Commission setting forth the amount of the increase or decrease and the new EEP Charge.

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