

**NEW YORK STATE
PUBLIC SERVICE COMMISSION**

CASE 06-G-1185 - Proceeding On Motion Of The Commission As To The Rates, Charges, Rules And Regulations Of The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York For Gas Service.

CASE 06-G-1186 - Proceeding On Motion Of The Commission As To The Rates, Charges, Rules And Regulations Of KeySpan Gas East Corp. d/b/a KeySpan Energy Delivery Long Island For Gas Service.

GAS RATES JOINT PROPOSAL

By:

**The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York
KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island
Staff of the New York State Department of Public Service
and the other Signatory Parties executing signature pages**

Dates: October 10, 2007

TABLE OF CONTENTS

I. PROCEDURAL BACKGROUND.....	1
II. OVERVIEW	2
III. DEFINITIONS.....	3
IV. GENERAL PROVISIONS	3
V. KEDNY	5
A. Five Year Rate Plan.....	6
B. Energy Efficiency Program & Cost Issues	6
1. Program Budget	6
2. Program Design	6
3. Recovery of Operating Costs	8
4. Recovery of Lost Revenue.....	9
5. Incentive Targets	10
6. Records and Reports	10
7. Generic Re-Opener.....	10
C. Site Investigation and Remediation (SIR) Program & Cost Issues	11
1. Allowance in Revenue Requirement.....	11
2. Re-opener	12
3. Deferral of Over- and Under-Recoveries.....	12
D. Revenue Allocation & Rate Design.....	12
1. Revenue Allocation.....	12
2. Rate Design	12
3. Low Income Rates	13
E. Integration Efforts	13
F. Gas Safety Labor.....	14
G. Automated Meter Reading.....	14
H. Monthly Billing.....	14
I. Depreciation Accounting.....	15
1. Depreciation Rates.....	15
2. Cost of Removal	15
3. KEDNY Depreciation Study	15

4. Depreciation Reserve Deficiency	15
J. Gas Costs and Lost-And-Unaccounted-For factors	16
K. Temperature Controlled and Interruptible Service	16
L. Power Generation Margins	16
M. Weather Normalization	16
N. Transportation and Balancing Collaborative	16
O. Gas Cost Incentive Program	17
P. Retail Access	18
1. Purchase of Receivables	18
2. Rate Unbundling	18
a. Billing and Payment Processing	18
b. Merchant Function Rate	18
Q. State Income Taxes	18
R. Deferred Special Franchise Taxes	19
S. Distributed Generation Rates	19
T. On-Track Program	19
U. Additional Deferrals and Recoveries	19
1. New Large Capital Projects	19
2. Lost Revenues	19
3. POR Implementation	19
4. Carrying Costs	20
V. Area Development/Business Incentive Rates	20
W. Outreach and Education Program	20
X. Bill Reformatting	20
Y. Billing System Integration	20
VI. KEDLI	21
A. Five Year Rate Plan	21
B. Energy Efficiency Program & Cost Issues	21
1. Program Budget	21
2. Program Design	22
3. Recovery of Operating Costs	23
4. Recovery of Lost Revenue	24

5. Incentive Targets	25
6. Records and Reports	25
7. Generic Re-opener.....	26
C. Site Investigation and Remediation (SIR) Program & Cost Issues	26
1. Allowance in Revenue Requirement.....	26
2. Re-opener	27
3. Deferral of Over- and Under-Recovery.....	27
D. Revenue Allocation & Rate Design.....	27
1. Revenue Allocation.....	27
2. Rate Design	27
3. Low Income Rates	27
E. Integration Efforts.....	28
F. Automated Meter Reading.....	29
G. Depreciation Accounting.....	29
1. Depreciation Rates.....	29
2. Cost of Removal	29
3. KEDLI Depreciation Study.....	29
4. Mains & Services.....	30
5. Depreciation Reserve Deficiency	30
H. Gas Costs and Lost-And-Unaccounted-For factors	30
I. Temperature Controlled and Interruptible Service	30
J. Power Generation Margins.....	31
K. Weather Normalization	31
L. Transportation and Balancing Collaborative.....	31
M. Gas Cost Incentive Program.....	32
N. Retail Access	33
1. Purchase of Receivables	33
2. Rate Unbundling.....	33
a. Billing and Payment Processing.....	33
b. Merchant Function Rate.....	33
O. State Income Taxes	33
P. Distributed Generation Rates.....	33

Q. On-Track Program.....	34
R. Additional Deferrals and Recoveries.....	34
1. New Large Capital Projects.....	34
2. Lost Revenues.....	34
3. POR Implementation.....	34
4. Carrying Costs.....	34
S. Area Development/Business Incentive Rates.....	34
T. Outreach and Education Program.....	35
U. Bill Reformatting.....	35
V. Billing System Integration.....	35
VII. Merger Reserved Issues.....	35
A. Transfer of Gas Contracts by KEDNY and KEDLI.....	35
B. Affiliate Transactions.....	35

GAS RATES JOINT PROPOSAL

This Gas Rates Joint Proposal (Joint Proposal) is made as of the 10th day of October, 2007 by and among The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York (KEDNY) and KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island (KEDLI), the Staff of the New York State Department of Public Service (Staff), and the other signatory parties executing signature pages (collectively referred to herein as "the Signatory Parties").

I. PROCEDURAL BACKGROUND

On July 20, 2006, National Grid plc (National Grid) and KeySpan Corporation (KeySpan) filed with the New York State Public Service Commission (Commission) a joint petition for approval of a proposed acquisition of the stock of KeySpan by National Grid and other regulatory approvals (Merger Filing). Case 06-M-0878 was instituted to provide a process for the Commission to consider the petition. The Merger Filing was later updated.

On October 3, 2006, KEDNY filed with the Commission revised tariff leaves intended to increase revenues from gas operations by approximately \$213 million for the 12 month period ending March 31, 2008 (KEDNY Rate Filing). The Commission instituted Case 06-G-1185 to consider the KEDNY Rate Filing. The KEDNY Rate Filing was later updated. The revised tariff leaves are currently suspended.

On October 3, 2006, KEDLI filed with the Commission revised tariff leaves intended to increase revenues from gas operations by approximately \$159 million for the 12 month period ending March 31, 2008 (KEDLI Rate Filing). The Commission instituted Case 06-G-1186 to consider the KEDLI Rate Filing. The KEDLI Rate Filing was later updated. The revised tariff leaves are currently suspended.

All three of the above-mentioned cases are being considered on a common evidentiary record.

On November 9, 2006, the Commission issued an order regarding the Merger Filing adopting a negative declaration pursuant to the State Environmental Quality Review Act. Accordingly, no environmental impact statement will be prepared regarding the proposed merger.

On May 31, 2007, a Joint Proposal for Interim Energy Efficiency Programs was executed by many of the parties to these proceedings and was filed with the Commission. On July 18,

2007, the Commission issued an order in Cases 06-G-1185 and 06-G-1186 adopting the terms of the Joint Proposal for Interim Energy Efficiency Programs with minor modifications.

On May 11, 2007, many of the parties to these proceedings announced that they had reached an agreement in principle on most terms of three-year "stand-alone" (absent a merger) rate plans for KEDNY and KEDLI (the "Stand-Alone Rate Plans").

On July 6, 2007, a Merger & Gas Revenue Requirement Joint Proposal was executed by many of the parties to these proceedings and was filed with the Commission. The Merger & Gas Revenue Requirement Joint Proposal includes an agreement on most revenue requirement issues for a five-year post-merger (assumes the merger is consummated) rate plan, but did not include gas safety, reliability and customer service performance requirements. Those requirements were reserved for resolution in Cases 06-G-1185 and 06-G-1186.

On August 14, 2007, the Commission issued a notice in Case 06-M-0878 stating that as the Commission may want to consider safety and reliability performance requirements and incentives and customer service quality performance requirements and incentives in connection with its review of the Merger & Gas Revenue Requirement Joint Proposal, the Commission requests that the parties formalize and file with the Secretary by no later than August 17, 2007 at 10:00 A.M. an agreement on the issues of safety, reliability and customer service. On August 17, 2007, a Joint Proposal for Gas Safety, Reliability and Customer Service Performance Requirements was executed by certain of the parties to these proceedings and was filed with the Commission.

On August 23, 2007, the Commission issued an order in Case 06-M-0878 adopting the terms of the Merger & Gas Revenue Requirement Joint Proposal and the Joint Proposal for Gas Safety, Reliability and Customer Service Performance Requirements, subject to conditions and modifications (August 23 Order). On August 24, 2007, KeySpan Corporation and National Grid plc filed unconditional acceptances of such order, including the conditions and modifications. On August 24, 2007, the merger/stock acquisition transaction was consummated.

II. OVERVIEW

This Joint Proposal arises within the rate proceedings of KEDNY and KEDLI in Cases 06-G-1185 and 06-G-1186. A Notice of Impending Negotiations was sent to all persons reasonably known to have an interest in the outcome of negotiations and was duly filed with the Secretary by letter dated November 28, 2006. After notice to the parties, settlement conferences

were held among the parties that desired to participate. Settlement is now feasible because, after thorough investigation and discussion, the Signatory Parties hereto more fully understand their respective positions and recognize that reasonable settlement of the discrete issues addressed herein is possible. The Signatory Parties hereto also believe that this Joint Proposal will further the objective of giving fair consideration to the interests of customers and utility investors alike in assuring the provision of safe and adequate service at just and reasonable rates. This Joint Proposal provides additional components that, read together with the provisions of other Joint Proposals approved by the Commission in Cases 06-M-0878, 06-G-1185 and 06-G-1186, result in complete post-merger five-year rate plans for KEDNY and KEDLI. In addition, this Joint Proposal addresses the Merger Reserved Issues under the July 6, 2007 Merger & Gas Revenue Requirement Joint Proposal.

III. DEFINITIONS

"Rate Year One" means January 1, 2008 through December 31, 2008.

"Rate Year Two" means January 1, 2009 through December 31, 2009.

"Rate Year Three" means January 1, 2010 through December 31, 2010.

"Rate Year Four" means January 1, 2011 through December 31, 2011.

"Rate Year Five" means January 1, 2012 through December 31, 2012.

"Stayout" means that the level of rates established pursuant to this Joint Proposal and the other provisions of this Joint Proposal remain effective by default, without change or reaffirmation except as stated in this Joint Proposal, beyond the last day of Rate Year Five.

"Rate Period" means Rate Year One through Rate Year Five, plus any Stayout period.

IV. GENERAL PROVISIONS

It is understood that each provision of this Joint Proposal is in consideration and support of all of the other provisions of this Joint Proposal and is expressly conditioned upon approval of the terms of this Joint Proposal in full by the Commission. If the Commission fails to adopt the terms of this Joint Proposal, the parties to the Joint Proposal shall be free to pursue their respective positions in these proceedings without prejudice.

The Signatory Parties believe that the record in this proceeding fully justifies the approval of the terms of this Joint Proposal. It is the intent of the Signatory Parties that the provisions of this Joint Proposal will be approved by the Commission as being in the public

interest. The Signatory Parties agree to submit this Joint Proposal to the Commission along with a request that the Commission adopt the terms and provisions of this Joint Proposal as set forth herein.

The Signatory Parties agree that KEDNY and KEDLI will file tariffs in a manner consistent with the terms of this Joint Proposal.

Nothing in this Joint Proposal shall prohibit the Commission (upon its own motion or upon motion of an interested party) from exercising its ongoing statutory authority to act on the level of KEDNY's gas rates in the event of unforeseen circumstances that, in the Commission's judgment, have such a substantial impact on the rate of return as to render the return on the common equity devoted to KEDNY's gas operations unreasonable, unnecessary, or inadequate for the provision of safe and adequate service. Nothing in this Joint Proposal shall prohibit the Commission (upon its own motion or upon motion of an interested party) from exercising its ongoing statutory authority to act on the level of KEDLI's gas rates in the event of unforeseen circumstances that, in the Commission's judgment, have such a substantial impact on the rate of return as to render the return on the common equity devoted to KEDLI's gas operations unreasonable, unnecessary, or inadequate for the provision of safe and adequate service.

Nothing in this Joint Proposal shall prohibit KEDNY or KEDLI from implementing changes to rates or charges, in a manner to be determined by the Commission, as may be required by newly-enacted legislation or regulations.

The Signatory Parties recognize that certain provisions of this Joint Proposal contemplate actions to be taken in the future to effectuate fully this Joint Proposal. Accordingly, the Signatory Parties agree to cooperate with each other in good faith in taking such actions.

In the event of any disagreement over the interpretation of this Joint Proposal or implementation of any of the provisions of this Joint Proposal, which cannot be resolved informally among the Signatory Parties, such disagreement shall be resolved in the following manner: (a) the Signatory Parties shall promptly convene a conference and in good faith attempt to resolve any such disagreement; and (b) if any such disagreement cannot be resolved by the Signatory Parties, any Signatory Party may petition the Commission for resolution of the disputed matter.

This Joint Proposal is being executed in counterpart originals, and shall be binding on all of the Signatory Parties when the counterparts have been executed.

This Joint Proposal represents a negotiated agreement and the terms and provisions of

this Joint Proposal apply solely to, and are binding on each Signatory Party only in, the context of these proceedings. None of the positions taken herein by any Signatory Party, including agreement to the terms and provisions of this Joint Proposal and any methodology or principle utilized herein, may be cited or relied upon in any fashion as precedent in any other proceeding before this Commission or before any other regulatory agency or any court of law for any purpose, except in furtherance of ensuring the effectuation of the purposes and results of this Joint Proposal.

The requirements of this Joint Proposal shall commence on the first day of January, 2008 (the first day of Rate Year One) and shall continue through the last day of Rate Year Five, plus any Stayout period. All of the provisions of this Joint Proposal regarding required services and programs will continue beyond Rate Year Five on a year-to-year basis until modified by the Commission. Unless otherwise specified herein, any targets, goals, deferral thresholds or other similar items set forth in this Joint Proposal will continue beyond Rate Year Five on a year-to-year basis at the level set forth herein for Rate Year Five until modified by the Commission.

V. KEDNY

A. Five Year Rate Plan

This Gas Rates Joint Proposal, read together with the revenue requirement determinations approved in Case 06-M-0878, sets forth the terms and conditions of a rate plan that will be in effect for KEDNY during the Rate Period. To implement the provisions of this rate plan, KEDNY will file tariff amendments to its Gas Adjustment Clause (“GAC”) and/or Transportation Adjustment Clause (“TAC”). The tariff amendments will provide that the following costs will no longer be recovered in gas delivery rates, but will instead be recovered through the GAC and/or TAC in the manner described in Appendix A:

- (i) the Return Requirement Associated With Gas In Storage;
- (ii) the Return on Gas Purchase-Related Working Capital;
- (iii) Uncollectible Expense Associated With Gas Costs;
- (iv) Gas Procurement Expenses and Commodity-Related Sales Promotion Expenses; and
- (v) Gas Cost-Related Credit and Collection Expenses.

B. Energy Efficiency Program & Cost Issues

1. Program Budget

For each of Rate Year One, Rate Year Two, Rate Year Three, Rate Year Four and Rate Year Five, KEDNY shall perform in its service territory an Energy Efficiency Program budgeted at \$20 million annually, or such other annual budgeted amount that is approved by the Commission following a collaborative of the parties, as provided herein. Any operating costs for an interim energy efficiency program incurred by KEDNY from and after August 1, 2007 shall be considered to have been spent as part of the \$20 million budget for Rate Year One. In the event of a Stayout, KEDNY shall continue, until the end of the Rate Period, to perform in its service territory Energy Efficiency Programs budgeted at \$20 million annually, or such other annual budgeted amount approved by the Commission following a collaborative of the parties, as provided herein, and in effect in Rate Year Five, prorated if necessary.

2. Program Design

The budgets of the interim program design elements contained in the Joint Proposal for Interim Energy Efficiency Programs will, as a general matter, be proportionally scaled-up to the \$20 million annual budget level until superseded. The interim program design elements contained in the Joint Proposal for Interim Energy Efficiency Programs will be superseded by

new non-interim program design elements, including conservation goals, to be presented to the Commission resulting from a “program design collaborative” to be undertaken by the parties to Cases 06-G-1185 and 06-G-1186 regarding energy efficiency program design. Such conservation goals will be projected therm savings from the non-interim energy efficiency programs and will serve as a benchmark for any program design amendments later implemented pursuant to this Joint Proposal as a result of coordination with other providers of energy efficiency programs and other program refinements.

KEDNY will coordinate with the other providers of energy efficiency programs in its service territory, to wit: New York State Energy Research Development Authority, Consolidated Edison Company of New York, Inc., New York City, the New York State Department of Housing and Community Renewal (Weatherization Program), and local weatherization subgrantee agencies to avoid duplication, to enhance efficiency in the provision of programs, to take advantage of existing opportunities that could be implemented by or through such other programs, and to customize program design and implementation to its service territory to the extent practicable.

Three additional open issues for discussion and resolution in the program design collaborative are (a) whether the annual energy efficiency budgets provided for in this Joint Proposal should be modified for Rate Years Two and Three; and (b) whether, as of the start of Rate Year Three, energy efficiency program and related expenses should be recovered from ratepayers on a rate base treatment basis rather than an expense basis; and (c) whether recovery should be through a mechanism other than a system benefits charge (SBC) that provides for full recovery of costs. The first meeting of the program design collaborative was held on September 18, 2007. It is the intent of the Signatory Parties that the work of the program design collaborative will be completed by January 11, 2008. All parties reserve the right to support or oppose the work product of the program design collaborative before the Commission. Any consensus or dispute arising from the program design collaborative will be referred to the Commission for its determination.

At any party’s request, the parties will reconvene the program design collaborative in Rate Year Three to discuss whether the energy efficiency program budgets should be revised as of Rate Year Four and Rate Year Five. Otherwise, the energy efficiency program budgets for Rate Year Four and Rate Year Five will be set at the Rate Year Three Level previously approved by the Commission.

3. Recovery of Operating Costs

In each Rate Year of the Rate Period, KEDNY will be allowed to recover from customers all operating costs for energy efficiency programs up to the amount budgeted for the year. In Rate Year One, KEDNY will be allowed to recover from customers all deferrals of interim energy efficiency program costs incurred by KEDNY during the interim period beginning August 1, 2007, as part of the amount budgeted for Rate Year One.

A gas System Benefits Charge (SBC) will be established by KEDNY to provide a recovery mechanism for the cost of energy efficiency programs. The SBC will remain in effect until discontinued by the Commission. The SBC surcharge will be a uniform (single block) volumetric charge. The SBC will be instituted as a non-bypassable surcharge on the delivery portion of customer bills in the following service classes:

Applicable Service Classes for SBC Surcharge

KEDNY	Sales Classes	Accompanying Transportation Classes
Low Income	1AR & 1BR	17-1AR & 17-1BR
Residential	1A, 1B, & 1BI	17-1A, 17-1B & 17-1BI
Multifamily and/or Commercial & Industrial	2-1, 2-2, 3, 4A, 4B & 7	17-2-1, 17-2-2, 17-3, 17-4A, 17-4B & 17-7

KEDNY will prepare, file and implement tariff revisions necessary to collect the SBC surcharge from applicable ratepayers.

KEDNY will update its billing system to include the SBC surcharge on the Delivery portion of the utility bill.

An SBC balancing account will be created to match SBC surcharge proceeds to energy efficiency program costs. KEDNY shall establish its specific SBC collection rate on an annual basis beginning with usage on and after January 1, 2008 to correspond to its energy efficiency program budget and year-by-year projections of the coming year's gas sales in applicable service classes, with any over- or under-collections reconciled on an annual basis. The initial SBC

collection rate, commencing with usage on and after January 1, 2008, shall be \$0.0168/therm. Deferred debits and credits in the SBC balancing account will accrue a carrying charge (base net of Federal and New York State income tax effects) at a rate which KEDNY accrues an allowance for funds used during construction. The amount of such accrued carrying charges will be reflected in the SBC balancing account and the SBC collection rate. Carrying charges will be applied in the same manner as the underlying debit or credit causing them to accrue.

Any SBC funds collected by KEDNY shall be used only for the energy efficiency programs. Any unexpended funds shall be refunded to customers in the same manner as collected.

In the event the SBC charge is discontinued by the Commission, the parties intend that it be replaced with a mechanism that provides full recovery of KEDNY's energy efficiency-related costs. As long as some such mechanism is in effect, KEDNY will continue to incur energy efficiency program-related costs for programs approved by the Commission pursuant to this Joint Proposal.

4. Recovery of Lost Revenue

The interim lost revenue elements contained in the Joint Proposal for Interim Energy Efficiency Programs will continue until superseded by new non-interim lost revenue elements to be presented to the Commission resulting from a "revenue collaborative" to be undertaken by the parties to Cases 06-G-1185 and 06-G-1186 regarding energy efficiency lost revenue. Two additional open issues for discussion and resolution in the revenue collaborative are (a) how to implement a true-up based revenue decoupling mechanism that preserves the benefits of customer growth while limiting customer bill impacts and rate volatility, to the extent practicable; and (b) how to move towards the eventual implementation of more cost-based rate designs in the context of the revenue decoupling mechanism. The first meeting of the revenue collaborative shall be held on September 18, 2007. It is the intent of the Signatory Parties that the work of the revenue collaborative will be completed by March 7, 2008. All parties reserve the right to support or oppose the work product of the revenue collaborative before the Commission. Any dispute arising from the revenue collaborative will be referred to the Commission for resolution.

Commencing July 1, 2008, KEDNY will be allowed to recover from customers all deferrals of interim lost revenue incurred during the interim period beginning August 1, 2007 permitted by the Joint Proposal for Interim Energy Efficiency Programs. Recovery shall occur as an add-on to the energy efficiency program costs and collected through the gas SBC; such

recovery will be subject to all of the provisions regarding the SBC stated above, including particularly those regarding balancing and reconciliation.

5. Incentive Targets

The Merger & Gas Revenue Requirement Joint Proposal (at p. 21) in Case 06-M-0878 established an up to 10 basis points upward adjustment in the Earnings Sharing Threshold contingent on KEDNY meeting incentive targets associated with the implementation and operation of energy efficiency programs. The incentive targets associated with the implementation and operation of energy efficiency programs by KEDNY will be dependent on the new non-interim program design elements to be presented to the Commission resulting from the program design collaborative. The establishment of such incentive targets to be presented to the Commission will be an additional task of the program design collaborative.

6. Records and Reports

KEDNY will provide the active parties to Cases 06-G-1185 and 06-G-1186 with quarterly reports including monthly and program-to-date figures for each of the energy efficiency programs showing customer/project/installation numbers, amounts expended, projected gas savings, projected lost revenue, and any other energy efficiency implementation and/or operating costs for which they intend to seek recovery.

KEDNY will set up SBC accounting and recordkeeping, and will maintain books and records sufficient to document every calculation necessary to determine actual operating costs to implement the energy efficiency programs and the level of SBC collection rates. Such books and records shall be made available to parties to Case 06-G-1185 upon reasonable notice whenever requested.

On an annual basis, KEDNY shall perform a reconciliation of its over-and under-collections and submit it to the Commission by June 1st (for the previous calendar year's activity).

7. Generic Re-opener

It is the intent of the Signatory Parties that all the provisions of this section (V)(B) entitled "Energy Efficiency Program & Cost Issues" of the Joint Proposal be without prejudice to such modifications as may be required as a result of Commission action in Case 07-M-0548 regarding an Energy Efficiency Portfolio Standard.

C. Site Investigation and Remediation (SIR) Program & Cost Issues

1. Allowance in Revenue Requirement

Over the last ten years, KEDNY has incurred net ratepayer costs for Site Investigation and Remediation (SIR) at an average rate of approximately \$2.787 million per year. Net ratepayer SIR costs are SIR costs, less recoveries of a share of those costs obtained from third parties and their insurance carriers. While it is anticipated that annual net ratepayer SIR costs will increase in the future as SIR activity increases, it is difficult to predict what level of costs will be incurred during the Rate Period given the lack of certainty at this time as to the scope of activities that will be conducted and the date of such activities.

The base KEDNY Gas Delivery Service Rates established pursuant to the Merger & Gas Revenue Requirement Joint Proposal reflect the annual amortization of SIR costs as follows:

<u>Rate Year</u>	<u>Annual Amortization</u>
Rate Year One	\$2.787 Million
Rate Year Two	\$2.787 Million
Rate Year Three	\$2.787 Million
Rate Year Four	\$5.973 Million
Rate Year Five	\$5.973 Million
Subsequent Years of Stayout	\$5.973 Million

No change in such rate of amortization is included in this Joint Proposal, except as may occur as a result of the Re-opener provisions stated below.

The terms, previously adopted by the Commission, of the Brooklyn Union Holding Company Agreement (June 25, 1996 Stipulation and Agreement Resolving Corporate Structure Issues and Establishing Multi-Year Rate Plan in Case 95-G-0671) providing that if the total cost for investigating and remediating the Coney Island site, plus the cost for investigating the Citizens site, varies from \$33.996 million, KEDNY will absorb or retain 10% of the variation, and the balance will be accordingly reflected in the Balancing Account as either a debit or a credit shall apply only to total costs incurred prior to January 1, 2008. On or before April 1, 2008, KEDNY shall file with the Commission a final accounting and reconciliation of such total costs incurred prior to January 1, 2008 in the manner intended by the terms described above. Any costs incurred on or after January 1, 2008 for

investigating and remediating the Coney Island site and investigating the Citizens site shall be treated in the manner stated in the Merger & Gas Revenue Requirement Joint Proposal, Section IX(C)(3).

2. Re-opener

The amount of monies allowed in the base KEDNY Gas Delivery Service Rates for SIR costs may be subject to a one-time readjustment in Rate Year Four, to apply thereafter. This KEDNY rate case proceeding shall be re-opened should any party to Case 06-G-1185, by petition filed during the first month of Rate Year Three, request that the Commission re-examine and adjust such rate allowance for SIR costs. If such a petition is timely filed, the Commission shall establish such procedures as are necessary to re-examine the rate allowance for SIR costs such that any adjustment in rates deemed necessary could be implemented at the beginning of Rate Year Four. All parties reserve the right to support or oppose any proposal made in such a petition.

3. Deferral of Over- and Under-Recoveries

KEDNY is authorized to defer, with carrying charges, any over- or under-recoveries of SIR costs during the Rate Period.

D. Revenue Allocation & Rate Design

1. Revenue Allocation

During the Rate Period, revenues shall be allocated among the KEDNY service classes in the manner reflected in Appendix B attached hereto.

2. Rate Design

During the Rate Period, revenues shall be allocated within the KEDNY service classes in the manner reflected in Appendix C attached hereto. KEDNY will prepare, file and implement tariff revisions necessary to implement the rates set forth in Appendix C.

Effective with billing cycles after March 1, 2008, KEDNY will distinguish SC2-2 customers from SC2-1 customers by determining, based on usage during the previous calendar year, whether the customer's January usage is at least two times greater than the customer's July usage. If so, the customer will be deemed a SC2-2 customer; if not, the customer will be deemed a SC2-1 customer. This provision is without prejudice to KEDNY's right to propose a different methodology to distinguish SC2-2 customers from SC2-1 customers by making an appropriate application to the Commission during the term of the rate plan.

3. Low Income Rates

During the Rate Period, low income rates shall be charged to KEDNY customers in the manner reflected in Appendix D attached hereto. Enrollment in KEDNY's low income program is not projected to exceed 60,000 customers. KEDNY will prepare, file and implement tariff revisions necessary to accomplish such low income rates. KEDNY will provide the parties to Case 06-G-1185 with an annual report on low income participation. The content of such report will be developed following discussions with interested parties. A low income balancing account will be created to match actual low income credits applied to customer bills to the budgeted program costs of \$7.4 million. Any over-spending or under-spending will be reconciled on an annual basis. Deferred debits/credits in the low income balancing account will accrue a carrying charge (base net of Federal and New York State income tax effects) at a rate which KEDNY accrues an allowance for funds used during construction. The amount of such accrued carrying charges will be reflected in the low income balancing account. Carrying charges will be applied in the same manner as the underlying debit/credit causing them to accrue.

If the low income balancing account has a positive balance in excess of \$2 million at the end of Rate Year Two or any subsequent Rate Year, KEDNY or any other party may submit a proposal for approval by the Commission for the use of such account balance over the remainder of the rate plan through enhancements in this program or through some other low income program. Any net positive balance in KEDNY's low income balancing account at the end of the rate plan will be used to enhance KEDNY's future low income programs.

E. Integration Efforts

The revenue requirement includes net reductions in operating costs attributable to the implementation of efficiency improvements and synergy initiatives undertaken as part of the merger of KeySpan and National Grid. On or before May 31, 2011, KEDNY will provide to the parties in Case 06-M-0878 a comprehensive, specific and detailed report regarding the results National Grid has achieved in implementing the initiatives it developed in the integration effort documented in Case 06-M-0878.

The efficiency improvements and synergy initiatives that National Grid will undertake will lead to a reduction in the total number of jobs in the National Grid companies. Concerns have been expressed about the potential loss of knowledge, experience and expertise that will result as employees leave. On or before February 1, 2008, KEDNY will submit a report to the

parties in Case 06-M-0878 providing pertinent data regarding the employees leaving and describing KEDNY's ongoing program to ensure appropriate knowledge transfer and a smooth transition.

F. Gas Safety Labor

To assist KEDNY in meeting its emergency response goals, the revenue requirements reflect \$1.878 million in Rate Year One for an additional 19 full time equivalent (FTEs) personnel compared to the weighted average of 49 FTEs dedicated to emergency response work in calendar year 2005 (out of the 346 FTEs in the larger gas operations group). KEDNY will provide to the Directors of the Office of Electricity, Gas and Water and the Office of Accounting, Finance and Economics, not later than 30 days after the end of each Rate Year, a report showing the number of FTEs added to assist KEDNY in meeting its targets for responding to gas leak and odor calls. If the company has added fewer than 19 FTEs (based on 2005 emergency response staffing levels), it will apply to its Balancing Account a credit due customers for the revenue requirement effect of the difference between the 19 FTEs and the actual incremental FTEs added to respond to gas leak and odor calls. The annual report shall provide all supporting documentation regarding the number of FTEs performing these duties during calendar year 2005, the FTEs added pursuant to KEDNY's rate plan to respond to leak and odor calls, and the work activities actually conducted by these FTEs.

G. Automated Meter Reading

If KEDNY implements a program to install and/or expand Automated Meter Reading (AMR) devices in its service territory, it will defer both the costs and savings associated with such a program. The savings will likely include reduced labor costs associated with meter reading, and addressing customer complaints and inquiries concerning inaccurate meter reads and may include additional savings as well. The costs associated with AMR installation shall not be included as Non-Growth-Related Capital cost for the purposes of determining the potential deferral of underspent capital projects pursuant to Section IX(C)(4)(ii) of the Merger & Gas Revenue Requirement Joint Proposal.

H. Monthly Billing

Beginning with usage on and after July 1, 2008, KEDNY shall begin billing all customers currently billed bi-monthly, i.e. every other month, on a monthly basis. The company will notify customers of this change in billing frequency prior to implementation.

I. Depreciation Accounting

1. Depreciation Rates

As of January 1, 2008, KEDNY shall implement the revised depreciation rates set forth in Appendix E.

2. Cost of Removal

From and after January 1, 2008, KEDNY's cost of removal shall be charged to the Reserve for Accumulated Depreciation until modified by the Commission.

3. KEDNY Depreciation Study

As part of its initial filing in its next rate case, KEDNY will file a full Depreciation Study that will provide the rolling and shrinking band analyses for each and all of the plant accounts. This should include the Fit Index, Average Service Life, and the h-curve. For the band that was chosen in each account, a plot of the observed curve, smoothed curve, and the recommended h-curve will be provided. KEDNY will provide a Net Salvage Study for each account in enough detail to see the Gross Salvage, Cost of Removal, and Net Salvage for each year studied and also provide the rolling five-year band analyses of Net Salvage for each account.

4. Depreciation Reserve Deficiency

In its next rate case filing, KEDNY will provide a calculation comparing the book and theoretical depreciation reserves, taking into account all amortizations.

J. Gas Costs and Lost-And-Unaccounted-For Factors

KEDNY will continue, during the Rate Period, to recover all gas costs through the GAC and/or the TAC in the manner in which such costs are currently recovered. As of January 1, 2008, the loss rate to be used in determining the Lost and Unaccounted For Factor for KEDNY will be 2.34% and, for the purposes of determining the annual GAC reconciliation and shareholder incentives, the loss rate for customers with non-negotiated loss rates will be calculated by subtracting losses associated with negotiated contract customers from system losses. This amount will then be divided by all sendout, excluding sendout for customers with negotiated loss levels.

Pursuant to the December 22, 2006 Order in Case 06-G-1168, KEDNY may file a petition, within four months of a rate order in this case, with full supporting documentation, if it believes it is owed monies for past lost and unaccounted for incentive amounts. If no such petition is received by the Commission within four months of a rate order in this case, Case 06-G-1168 will be closed.

K. Temperature Controlled and Interruptible Services

The existing price cap for KEDNY's interruptible service will be eliminated and replaced with an annual price cap that equals the annual revenue, including all surcharges, that would be derived from providing service to such customers under SC 2-2. This same price cap will apply to KEDNY's Temperature Controlled ("TC") customers under the Merger and Gas Revenue Requirement Joint Proposal in Case 06-M-0878. KEDNY will provide a report to the Director of the Office of Electricity, Gas and Water, no later than 60 days after the end of each Rate Year, demonstrating that the rates charged to TC/Interruptible customers comply with these annual price cap requirements. In the event KEDNY fails to meet the annual cap requirements, it shall provide a credit to TC/Interruptible customers in a manner to be determined by the Commission. This price cap for TC and Interruptible service will remain in effect unless and until it is replaced by another cap(s) as a result of the Transportation and Balancing Collaborative.

L. Power Generation Margins

Margins derived from service to power generation customers served under S.C.18 and S.C.20 will be credited to the GAC.

M. Weather Normalization

As of January 1, 2008, KEDNY will adopt KEDLI's 2.2% deadband around normal weather and will adjust margins for weather variances to the outside limit of the deadband. The weather normalization adjustment will be modified so that "normal weather" will be equal to the average number of heating degree days for the static thirty year period ending June 30, 2006. KEDNY's weather normalization adjustment will also be modified to be in effect from October 1st through May 31st.

N. Transportation and Balancing Collaborative

KEDNY provides a variety of unbundled services on its system. Firm and non-firm transportation services are included as part of these services. The Signatory Parties agree that it is appropriate that these services be examined and that they be consistent, but not necessarily identical, with KEDLI transportation operating procedures.

On or before March 1, 2008, KEDNY shall begin collaborative discussions with Active Parties in Case 06-G-1185 to address transportation and balancing issues and make recommendations for implementation of revised Transportation and Balancing procedures to the Commission. These recommendations should be filed with the Commission on or before July 1, 2008. The issues addressed should include, but not be limited to the following:

- An analysis and determination of capacity and other gas costs associated with providing unbundled transportation and balancing services to core and non-core customers, especially where non-core customers are receiving a core service. This includes service provided under individually negotiated contracts. The analysis will consider the allocation of balancing and swing charges between sales and transportation customers in a non-discriminatory manner
- The appropriate SC-2 price cap for Temperature-Controlled and Interruptible services.
- Methodologies for proper allocation of the identified costs to these services on a monthly and daily basis where applicable.
- Nomination procedures of transportation volumes consistent with FERC requirements on both a daily and intra-day basis.
- Any changes or modifications to city gate and burner tip balancing rules.
- Imbalance trading for monthly and daily balanced customers.
- Monthly burner-tip imbalance cash-out procedures for both customers utilizing and those not utilizing a company provided Daily Delivery Quantity (DDQ).
- Cash-out charges with cash-out tiers that use market based gas price index multipliers for each tier applicable to transportation imbalances.
- Review and propose any necessary changes to the pricing applied to items such as gas captured by KEDNY from transportation customer supplies during times of interruption and city gate delivery deficiencies.
- Changes or modifications to rules during periods of System Alerts (SA) or Operational Flow Orders (OFO).
- Additional changes or modifications to charges applied to transportation customers due to faulty data or equipment failures.

If agreement cannot be reached by July 1, 2008, any dispute will be referred to the Commission for resolution. The transportation and balancing collaborative will consider the cost of its initiatives and will recommend an appropriate means of cost recovery for any initiative recommended to the Commission.

O. Gas Cost Incentive Program

As of January 1, 2008, KEDNY's existing gas cost incentive shall be modified to provide for 85% customer/15% company sharing for net capacity release and off-system transactions. Net capacity release and off-system sales revenues means the credits afforded KEDNY from off-

system sales and releasing capacity to third parties excluding (i) capacity release revenues applicable to capacity releases to firm customers and/or ESCO's serving firm customers under the KEDNY's capacity release program and any amended, extended, or superseding programs ("Marketer/Direct Customer Capacity Program"), and (ii) the bundled sales revenues recovered through either the winter bundled sales service (Tier 2) or virtual storage service (Tier 3) and any amended, extended or superseding programs. Other than these changes, the existing mechanism shall otherwise remain unchanged.

P. Retail Access

1. Purchase of Receivables

On or before October 1, 2008, KEDNY will commence a purchase of receivables ("POR") program for ESCOs active in its service territory that are participating in the consolidated billing program. KEDNY will purchase the outstanding balance of ESCO receivables as of the implementation date of the POR program consistent with the methodology applied by National Grid and described at pages 18-19 of National Grid's Competitive Opportunities Development Plan Joint Proposal dated December 19, 2005, which Joint Proposal was approved by the Commission in Case 05-M-0333. KEDNY will work collaboratively with ESCOs and other interested parties in establishing the other terms of a non-recourse POR program, a mechanism to address customer disputes with ESCO charges that have been purchased by KEDNY as receivables, and any necessary revisions to the consolidated billing agreement.

2. Rate Unbundling

(a) Billing and Payment Processing

As of January 1, 2008, KEDNY's Billing and Payment Processing Rate will be \$0.76 per bill, which will also serve as KEDNY's consolidated billing fee to ESCOs on a per account, per month basis. The calculation of this rate is shown in Appendix F.

(b) Merchant Function Rate

As of January 1, 2008, KEDNY's Merchant Function Rate will be as shown in Appendix G and will be included within the GAC/TAC.

Q. State Income Taxes

The company's State Income Tax expense will be recovered through delivery service rates as of January 1, 2008. KEDNY has been filing annual New York State reconciliations since the year 2000 in compliance with the provisions of Case 00-M-1556, Issued and Effective

on June 28, 2001. The annual reconciliation will have to be filed up to the date the State Income Tax expenses are included in delivery service rates. In order to recover from or pass back to customers the remaining unrecovered tax balances, State Income Tax expense may be surcharged or credited as it has been in the past.

R. Deferred Special Franchise Taxes

KEDNY's delivery service rates reflect the amortization of its deferred special franchise tax expense balance at March 31, 2007, less a \$22.5 million write off, over a seven year period. KEDNY is permitted to defer 90% of the difference between its actual annualized special franchise tax expense and the annualized amount of \$45.128 million during the period April 1, 2007 through September 30, 2007.

S. Distributed Generation Rates

Distributed generation rates for commercial/industrial customers (SC-21 KEDNY) will be set based on the guidance provided in Case 02-M-0515. The company will calculate and file revised rates as part of its compliance filing in this case.

T. On-Track Program

KEDNY's On-Track program will be increased to 2,400 participants and the minimum arrearage eligibility threshold will be lowered to \$400.

U. Additional Deferrals and Recoveries

1. New, Large Capital Projects

Nothing in the rate plan is intended to preclude KEDNY from petitioning for deferrals of costs for new, large capital projects not included in the revenue requirement. It is understood that all of the Commission's guidelines for deferrals, including a materiality threshold, will apply to any such petition.

2. Lost Revenues

Lost Revenues may be realized associated with Collection costs, Procurement costs, and Sales Promotion costs. KEDNY may defer such "Lost Revenues" and apply such deferral to its Balancing Account. At such time as 30% of KEDNY's residential customers have migrated to an ESCO for commodity supply, interested parties will meet to establish short-run avoided cost curves. Such avoided cost curves will be used to identify the costs avoided by KEDNY due to customer migration to an ESCO. Such avoided costs will offset lost revenues associated with migration.

3. POR Implementation

Any net incremental costs of implementing and administering the purchase of receivables program that are not recovered by other means will be recovered from participating ESCOs.

4. Carrying Costs

This Joint Proposal and the Merger & Gas Revenue Requirement Joint Proposal previously approved by the Commission in Case 06-M-0878 provide for a number of deferrals that are accounted for in KEDNY's Balancing Account. Deferred debits and credits in KEDNY's Balancing Account will accrue carrying charges (base net of federal and state income tax effects) at the rate which KEDNY accrues an allowance for funds used during construction. Carrying charges will be applied in the same manner as the underlying debit or credit causing them to accrue.

V. Area Development/Business Incentive Rates

KEDNY will amend its tariffed Business Incentive Rate (BIR) and Area Development Rate (ADR) to provide that new or existing customers relying on the 15%/25% increase in consumption to qualify for the BIR/ADR (provided they are otherwise eligible under applicable criteria) but failing to reach the applicable increase will be or remain eligible for the BIR/ADR if they can demonstrate to KEDNY's satisfaction that the reason for the failure to reach the increased consumption criteria was the installation of new energy efficient equipment.

In addition, with respect to its BIR, KEDNY will expand the tariff eligibility criteria to include customers with premises located in Industrial Development Zones and on Brownfield sites. For Brownfield sites only, eligibility will be expanded to include Service Classification No. 3 (Multi-Family).

W. Outreach and Education Plan

KEDNY will annually file a customer outreach and education plan with the Director of the Office of Consumer Services.

X. Bill Reformatting

On or before October 1, 2008, KEDNY will implement a reformatted bill consistent with the Commission's "Order Directing Submission of Unbundled Bill Formats" issued February 18, 2005 in Case 00-M-0504—Unbundling Track. Such reformatted bill will be similar to the bill format provided at Appendix H.

Y. Billing System Integration

Before finalizing its business requirements for the conversion of its billing system, KEDNY will discuss and consult with Staff regarding such business requirements and, following

such discussion and consultation, KEDNY will submit a report to the parties in Case 06-G-1185 describing KEDNY's plans to replace its billing system or to integrate such system into that of National Grid. The report will be submitted on or before January 1, 2009.

The current plan is that the replacement or conversion of KEDNY's billing system will be completed by December 31, 2012. KEDNY will meet with Staff at least annually, or more frequently at Staff's request, to discuss design issues and conversion status. In the event that plans or circumstances change such that KEDNY no longer plans to complete the conversion by December 31, 2012, KEDNY will promptly provide a report to the Commission explaining the circumstances and providing the alternative schedule for replacement or conversion of the billing system. Any dispute arising from such a change will be referred to the Commission for its determination.

VI. KEDLI

A. Five Year Rate Plan

This Gas Rates Joint Proposal, read together with the revenue requirement determination approved in Case 06-M-0878, sets forth the terms and conditions of a rate plan that will be in effect for KEDLI during the Rate Period. To implement the provisions of this rate plan, KEDLI will file tariff amendments that will increase its base delivery rate revenue requirement by \$60 million annually effective January 1, 2008. KEDLI will also file amendments to its GAC/TAC. These tariff amendments will provide that the following costs will no longer be recovered in gas delivery rates but will instead be recovered through the GAC and/or TAC in the manner described in Appendix A:

- (i) the Return Requirement Associated With Gas In Storage;
- (ii) the Return on Gas Purchase-Related Working Capital;
- (iii) Uncollectible Expense Associated With Gas Costs;
- (iv) Gas Procurement Expenses and Commodity-Related Sales Promotion Expenses; and
- (v) Gas Cost-Related Credit and Collection Expenses.

B. Energy Efficiency Program & Cost Issues

1. Program Budget

For each of Rate Year One, Rate Year Two, Rate Year Three, Rate Year Four and Rate Year Five, KEDLI shall perform in its service territory an Energy Efficiency Program

budgeted at \$10 million annually, or such other annual budgeted amount that is approved by the Commission following a collaborative of the parties, as provided herein. Any operating costs for an interim energy efficiency program incurred by KEDLI from and after August 1, 2007 shall be considered to have been spent as part of the \$10 million budget for Rate Year One. In the event of a Stayout, KEDLI shall continue, until the end of the Rate Period, to perform in its service territory Energy Efficiency Programs budgeted at \$10 million annually, or such other annual budgeted amount approved by the Commission following a collaborative of the parties, as provided herein, and in effect in Rate Year Five, prorated if necessary.

2. Program Design

The budgets of the interim program design elements contained in the Joint Proposal for Interim Energy Efficiency Programs will, as a general matter, be proportionally scaled-up to the \$10 million annual budget level until superseded. The interim program design elements contained in the Joint Proposal for Interim Energy Efficiency Programs will be superseded by new non-interim program design elements, including conservation goals, to be presented to the Commission resulting from a “program design collaborative” to be undertaken by the parties to Cases 06-G-1185 and 06-G-1186 regarding energy efficiency program design. Such conservation goals will be projected therm savings from the non-interim energy efficiency programs and will serve as a benchmark for any program design amendments implemented pursuant to this Joint Proposal.

KEDLI will coordinate with the other providers of energy efficiency programs in its service territory, to wit: New York State Energy Research Development Authority, the Long Island Power Authority, the New York State Department of Housing and Community Renewal (Weatherization Program), and local weatherization subgrantee agencies to avoid duplication, to enhance efficiency in the provision of programs, to take advantage of existing opportunities that could be implemented by or through such other programs, and to customize program design and implementation to its service territory to the extent practicable.

Three additional open issues for discussion and resolution in the program design collaborative are (a) whether the annual energy efficiency budgets provided for in this Joint Proposal should be modified for Rate Years Two and Three; and (b) whether, as of the start of Rate Year Three, energy efficiency program and related expenses should be recovered from ratepayers on a rate base treatment basis rather than an expense basis; and (c) whether recovery should be through a mechanism other than a system benefits charge (SBC) that provides for full

recovery of costs. The first meeting of the program design collaborative was held on September 18, 2007. It is the intent of the Signatory Parties that the work of the program design collaborative will be completed by January 11, 2008. All parties reserve the right to support or oppose the work product of the program design collaborative before the Commission. Any dispute arising from the program design collaborative will be referred to the Commission for resolution.

At the request of any party, the parties will reconvene the program design collaborative in Rate Year Three to discuss whether the energy efficiency program budgets should be revised of Rate Year Four and Rate Year Five. Otherwise, the energy efficiency program budgets for Rate Year Four and Rate Year Five will be set at the Rate Year Three Level previously approved by the Commission.

3. Recovery of Operating Costs

In each Rate Year of the Rate Period, KEDLI will be allowed to recover from customers all operating costs for energy efficiency programs up to the amount budgeted for the year. In Rate Year One, KEDLI will be allowed to recover from customers all deferrals of interim energy efficiency program costs incurred by KEDLI during the interim period beginning August 1, 2007, as part of the amount budgeted for Rate Year One.

A gas System Benefits Charge (SBC) will be established by KEDLI to provide a recovery mechanism for the cost of energy efficiency programs. The SBC will remain in effect until discontinued by the Commission and replaced by a mechanism that provides for full and timely recovery of energy efficiency-related costs. The SBC surcharge will be a uniform (single block) volumetric charge. The SBC will be instituted as a non-bypassable surcharge on the delivery portion of customer bills in the following service classes:

Applicable Service Classes for SBC Surcharge

KEDLI	Sales Classes	Accompanying Transportation Classes
Low Income	1AR & 1BR	5(1AR) & 5(1BR)
Residential	1A & 1B	5(1A) & 5(1B)
Multifamily and Commercial &	2A, 2B, 3, 15 & 16	5(2A), 5(2B),

Industrial		5(3), 5(15) & 5(16)
-------------------	--	------------------------

KEDLI will prepare, file and implement tariff revisions necessary to collect the SBC surcharge from applicable ratepayers.

KEDLI will update its billing system to include the SBC surcharge on the Delivery portion of the utility bill.

An SBC balancing account will be created to match SBC surcharge proceeds to energy efficiency program costs. KEDLI shall establish its specific SBC collection rate on an annual basis beginning with usage on and after January 1, 2008 to correspond to its energy efficiency program budget and year-by-year projections of the coming year's gas sales in applicable service classes, with any over- or under-collections reconciled on an annual basis. The initial SBC collection rate, commencing with usage on and after January 1, 2008, shall be \$0.0124/therm. Deferred debits and credits in the SBC balancing account will accrue a carrying charge (base net of Federal and New York State income tax effects) at a rate which KEDLI accrues an allowance for funds used during construction. The amount of such accrued carrying charges will be reflected in the SBC balancing account and the SBC collection rate. Carrying charges will be applied in the same manner as the underlying debit or credit causing them to accrue.

Any SBC funds collected by KEDLI shall be used only for the energy efficiency programs. Any unexpended funds shall be refunded to customers in the same manner as collected.

In the event the SBC charge is discontinued by the Commission, the parties intend that it be replaced with a mechanism that provides full recovery of KEDLI's energy efficiency-related costs. As long as some such mechanism is in effect, KEDLI will continue to incur energy efficiency program-related costs for programs approved by the Commission pursuant to this Joint Proposal.

4. Recovery of Lost Revenue

The interim lost revenue elements contained in the Joint Proposal for Interim Energy Efficiency Programs will continue until superseded by new non-interim lost revenue elements to be presented to the Commission resulting from a "revenue collaborative" to be undertaken by the parties to Cases 06-G-1185 and 06-G-1186 regarding energy efficiency lost revenue. Two additional open issues for discussion and resolution in the revenue collaborative are (a) how to implement a true-up based revenue decoupling mechanism that preserves the benefits of customer growth while limiting customer bill impacts and rate

volatility, to the extent practicable; and (b) how to move towards the eventual implementation of more cost-based rate designs in the context of the revenue decoupling mechanism. The first meeting of the revenue collaborative shall be held on September 18, 2007. It is the intent of the Signatory Parties that the work of the revenue collaborative will be completed by March 7, 2008. All parties reserve the right to support or oppose the work product of the revenue collaborative before the Commission. Any dispute arising from the revenue collaborative will be referred to the Commission for resolution.

Commencing July 1, 2008, KEDLI will be allowed to recover from customers all deferrals of interim lost revenue incurred during the interim period beginning August 1, 2007 permitted by the Joint Proposal for Interim Energy Efficiency Programs. Recovery shall occur as an add-on to the energy efficiency program costs and collected through the gas SBC; such recovery will be subject to all of the provisions regarding the SBC stated above, including particularly those regarding balancing and reconciliation.

5. Incentive Targets

The Merger & Gas Revenue Requirement Joint Proposal (at p. 30) in Case 06-M-0878 established an up to 10 basis points upward adjustment in the Earnings Sharing Threshold contingent on KEDLI meeting incentive targets associated with the implementation and operation of energy efficiency programs. The incentive targets associated with the implementation and operation of energy efficiency programs by KEDLI will be dependent on the new non-interim program design elements to be presented to the Commission resulting from the program design collaborative. The establishment of such incentive targets to be presented to the Commission will be an additional task of the program design collaborative.

6. Records and Reports

KEDLI will provide the active parties to Cases 06-G-1185 and 06-G-1186 with quarterly reports including monthly and program-to-date figures for each of the energy efficiency programs showing customer/project/installation numbers, amounts expended, projected gas savings, projected lost revenue, and any other energy efficiency implementation and/or operating costs for which they intend to seek recovery.

KEDLI will set up SBC accounting and recordkeeping, and will maintain books and records sufficient to document every calculation necessary to determine actual operating costs to implement the energy efficiency programs and the level of SBC collection rates. Such books

and records shall be made available to parties to Case 06-G-1186 upon reasonable notice whenever requested.

On an annual basis, KEDLI shall perform a reconciliation of its over-and under-collections and submit it to the Commission by June 1st (for the previous calendar year's activity).

7. Generic Re-opener

It is the intent of the Signatory Parties that all the provisions of this section (VI)(B) entitled “Energy Efficiency Program & Cost Issues” of the Joint Proposal be without prejudice to such modifications as may be required as a result of Commission action in Case 07-M-0548 regarding an Energy Efficiency Portfolio Standard.

C. Site Investigation and Remediation (SIR) Program & Cost Issues

1. Allowance in Revenue Requirement

Over the last ten years, KEDLI has incurred net ratepayer costs for Site Investigation and Remediation (SIR) at an average rate of approximately \$2.444 million per year. Net ratepayer SIR costs are SIR costs, less recoveries of a share of those costs obtained from third parties and their insurance carriers. While it is anticipated that annual net ratepayer SIR costs will increase in the future as SIR activity increases, it is difficult to predict what level of costs will be incurred during the Rate Period given the lack of certainty at this time as to the scope of activities that will be conducted and the date of such activities.

The base KEDLI Gas Delivery Service Rates established pursuant to the Merger & Gas Revenue Requirement Joint Proposal reflect the annual amortization of SIR costs as follows:

<u>Rate Year</u>	<u>Annual Amortization</u>
Rate Year One	\$2.444 Million
Rate Year Two	\$2.444 Million
Rate Year Three	\$2.444 Million
Rate Year Four	\$3.101 Million
Rate Year Five	\$3.101 Million
Subsequent Years of Stayout	\$3.101 Million

No change in such rate of amortization is included in this Joint Proposal, except as may occur as a result of the Re-opener provisions stated below.

2. Re-opener

The amount of monies allowed in the base KEDLI Gas Delivery Service Rates for SIR costs may be subject to a one-time readjustment in Rate Year Four, to apply thereafter. The KEDLI rate case proceeding shall be re-opened should any party to Case 06-G-1186, by petition filed during the first month of Rate Year Three, request that the Commission re-examine and adjust such rate allowance for SIR costs. If such a petition is timely filed, the Commission shall establish such procedures as are necessary to re-examine the rate allowance for SIR costs such that any adjustment in rates deemed necessary could be implemented at the beginning of Rate Year Four. All parties reserve the right to support or oppose any proposal made in such a petition.

3. Deferral of Over- and Under-Recoveries

KEDLI is authorized to defer, with carrying charges, any over- or under-recoveries of SIR costs during the Rate Period.

D. Revenue Allocation & Rate Design

1. Revenue Allocation

During the Rate Period, revenues shall be allocated among the KEDLI service classes in the manner reflected in Appendix B attached hereto.

2. Rate Design

During the Rate Period, revenues shall be allocated within the KEDLI service classes in the manner reflected in Appendix C attached hereto. KEDLI will prepare, file and implement tariff revisions necessary to implement the rates set forth in Appendix C.

Effective with billing cycles after March 1, 2008, KEDLI will distinguish SC2-B customers from SC2-A customers by determining, based on usage during the previous calendar year, whether the customer's January usage is at least two times greater than the customer's July usage. If so, the customer will be deemed a SC2-B customer; if not, the customer will be deemed a SC2-A customer. This provision is without prejudice to KEDLI's right to propose a different methodology to distinguish SC2-B customers from SC2-A customers by making an appropriate application to the Commission during the term of the rate plan.

3. Low Income Rates

During the Rate Period, KEDLI will institute a low income discount program for qualifying residential customers. To identify and enroll customers eligible for this rate, KEDLI

will use its best efforts to use the same eligibility criteria and enrollment mechanisms as are currently used for KEDNY's residential low income discount program. The low income rates provided by this program will be charged to KEDLI customers in the manner reflected in Appendix D attached hereto. Enrollment in KEDLI's low income program is not projected to exceed 30,000 customers. KEDLI will prepare, file and implement tariff revisions necessary to accomplish such low income rates.

If, at the end of Rate Year Two, KEDLI has significantly fewer than 30,000 customers on its low income rate, it will convene interested parties to Case 06-G-1186 to determine what steps should be taken to increase enrollment or to enhance the low income program.

KEDLI will provide the parties to Case 06-G-1186 with an annual report on low income participation. The content of such report will be developed following discussions with interested parties. A low income balancing account will be created to match actual low income credits applied to customer bills to the budgeted program cost of \$4.8 million. Any over-spending or under-spending will be reconciled on an annual basis. Deferred debits/credits in the low income balancing account will accrue a carrying charge (base net of Federal and New York State income tax effects) at a rate which KEDLI accrues an allowance for funds used during construction. The amount of such accrued carrying charges will be reflected in the low income balancing account. Carrying charges will be applied in the same manner as the underlying debit/credit causing them to accrue. If the low income balancing account has a positive balance in excess of \$1 million at the end of Rate Year Two or any subsequent Rate Year, KEDLI or any other party may submit a proposal for approval by the Commission for the use of such account balance over the remainder of the rate plan through enhancements in this program or through some other low income program. Any net positive balance in KEDLI's low income balancing account at the end of the rate plan will be used to enhance KEDLI's future low income programs.

E. Integration Efforts

The revenue requirement includes net reductions in operating costs attributable to the implementation of efficiency improvements and synergy initiatives undertaken as part of the merger of KeySpan and National Grid. On or before May 31, 2011, KEDLI will provide to the parties in Case 06-M-0878 a comprehensive, specific and detailed report regarding the results National Grid has achieved in implementing the initiatives it developed in the integration effort documented in Case 06-M-0878.

The efficiency improvements and synergy initiatives that National Grid will undertake

will lead to a reduction in the total number of jobs in the National Grid companies. Concerns have been expressed about the potential loss of knowledge, experience and expertise that will result as employees leave. On or before February 1, 2008, KEDLI will submit a report to the parties in Case 06-M-0878 providing pertinent data regarding the employees leaving and describing KEDLI's ongoing program to ensure appropriate knowledge transfer and a smooth transition.

F. Automated Meter Reading

If KEDLI implements a program to install and/or expand Automated Meter Reading (AMR) devices in its service territory, it will defer both the costs and savings associated with such a program. The savings will likely include reduced labor costs associated with meter reading, and customer complaints and inquiries concerning inaccurate meter reads and may include additional savings as well. The costs associated with AMR installation shall not be included as Non-Growth-Related Capital cost for the purposes of determining the potential deferral of underspent capital projects pursuant to Section X(C)(4)(ii) of the Merger & Gas Revenue Requirement Joint Proposal. The inclusion of this provision in this Joint Proposal does not constitute the assent of the Signatory Parties to KEDLI's implementation of an AMR program. Before implementing an AMR program, KEDLI will consult with its affected unions and LIPA and provide them with an impact study or analysis.

G. Depreciation Accounting

1. Depreciation Rates

From and after January 1, 2008, KEDLI's depreciation rates, which remain unchanged, are set forth in Appendix E.

2. Cost of Removal

KEDLI will continue to charge its cost of removal to the Reserve for Accumulated Depreciation until modified by the Commission.

3. KEDLI Depreciation Study

As part of its initial filing in its next rate case, KEDLI will file a full Depreciation Study that will provide the rolling and shrinking band analyses for each and all of the plant accounts. This should include the Fit Index, Average Service Life, and the h-curve. For the band that was chosen in each account, a plot of the observed curve, smoothed curve, and the recommended h-curve will be provided. KEDLI will provide a Net Salvage Study for each account in enough detail to see the Gross Salvage, Cost of Removal, and Net Salvage for each year studied and also

provide the rolling five-year band analyses of Net Salvage for each account.

4. Mains & Services

Beginning January 1, 2008, KEDLI will maintain plant records to record gas transmission mains, gas distribution mains and gas services by material type (i.e. plastic, steel or cast iron, etc., and particularly accounts 367, 376 and 380, respectively) on a going-forward basis.

5. Depreciation Reserve Deficiency

In its next rate case filing, KEDLI will provide a calculation comparing the book and theoretical depreciation reserves to provide a calculation of the reserve deficiency, taking into account all amortizations.

H. Gas Costs and Lost-And-Unaccounted-For Factors

KEDLI will continue, during the Rate Period, to recover all gas costs through the GAC and/or the TAC in the manner in which such costs are currently recovered. As of January 1, 2008, the loss rate to be used in determining the Lost and Unaccounted For Factor for KEDLI will be 2.73% and, for the purposes of determining the annual GAC reconciliation and shareholder incentives, the loss rate for customers with non-negotiated loss rates will be calculated by subtracting losses associated with negotiated contract customers from system losses. This amount will then be divided by all sendout, excluding sendout for customers with negotiated loss levels.

Pursuant to the December 22, 2006 Order in Case 06-G-1168, KEDLI may file a petition, within four months of a rate order in this case, with full supporting documentation, if it believes it is owed monies for past lost and unaccounted for incentive amounts. If no such petition is received by the Commission within four months of a rate order in this case, Case 06-G-1168 will be closed.

I. Temperature Controlled and Interruptible Services

The existing price cap for KEDLI's interruptible service will be eliminated and replaced with an annual price cap that equals the annual revenue, including all surcharges, that would be derived from providing service to such customers under SC 2-B. This same price cap will apply to KEDLI's Temperature Controlled ("TC") customers under the Merger and Gas Revenue Requirement Joint Proposal in Case 06-M-0878. KEDLI will provide a report to the Director of the Office of Electricity, Gas and Water, no later than 60 days after the end of each Rate Year, demonstrating that the rates charged to TC/Interruptible customers comply with these annual price cap requirements. In the event KEDLI fails to meet the annual cap requirements, it shall

provide a credit to TC/Interruptible customers in a manner to be determined by the Commission. This price cap for TC and Interruptible service will remain in effect unless and until it is replaced by another cap(s) as a result of the Transportation and Balancing Collaborative.

The revenue requirement reflects the imputation of \$14.287 million in year one, \$14.628 million in year two, \$14.969 million in year three, \$ 15.310 million in year four, and \$ 15.651 million in year five for TC/interruptible margins. Differences between actual margins and the imputed margins shown above will be shared 90% to ratepayers and 10% to shareholders. The customer share of these differences will be recorded in a deferred account.

J. Power Generation Margins

Margins derived from service to power generation customers served under S.C.18 and S.C.20 will be credited to the GAC.

K. Weather Normalization

As of January 1, 2008, for the purpose of determining “normal weather,” KEDLI will adopt KEDNY’s definition of a heating degree day: the average of the highest and lowest daily temperature subtracted from 65 degrees Fahrenheit and will calculate the average number of heating degree days for the static thirty year period ending June 30, 2006.

L. Transportation and Balancing Collaborative

KEDLI provides a variety of unbundled services on its system. Firm and non-firm transportation services are included as part of these services. The Signatory Parties agree that it is appropriate that these services be examined and that they be consistent, but not necessarily identical, with KEDNY transportation operating procedures.

On or before March 1, 2008, KEDLI shall begin collaborative discussions with Active Parties in Case 06-G-1186 to address transportation and balancing issues and make recommendations for implementation of revised Transportation and Balancing procedures to the Commission. These recommendations should be filed with the Commission on or before July 1, 2008. The issues addressed should include, but not be limited to the following:

- An analysis and determination of capacity and other gas costs associated with providing unbundled transportation and balancing services to core and non-core customers, especially where non-core customers are receiving a core service. This includes service provided under individually negotiated contracts. The analysis will consider the allocation of balancing and swing charges between sales and transportation customers in a non-discriminatory manner.

- The appropriate SC-2 price cap for Temperature-Controlled and Interruptible services.
- Methodologies for proper allocation of the identified costs to these services on a monthly and daily basis where applicable.
- Nomination procedures of transportation volumes consistent with FERC requirements on both a daily and intra-day basis.
- Any changes or modifications to city gate and burner tip balancing rules.
- Imbalance trading for monthly and daily balanced customers.
- Monthly burner-tip imbalance cash-out procedures for both customers utilizing and those not utilizing a company provided Daily Delivery Quantity (DDQ).
- Cash-out charges with cash-out tiers that use market based gas price index multipliers for each tier applicable to transportation imbalances.
- Review and propose any necessary changes to the pricing applied to items such as gas captured by KEDNY from transportation customer supplies during times of interruption and city gate delivery deficiencies.
- Changes or modifications to rules during periods of System Alerts (SA) or Operational Flow Orders (OFO).
- Additional changes or modifications to charges applied to transportation customers due to faulty data or equipment failures.

If agreement can not be reached by July 1, 2008, any dispute will be referred to the Commission for resolution. The transportation and balancing collaborative will consider the cost of its initiatives and will recommend an appropriate means of cost recovery for any initiative recommended to the Commission.

M. Gas Cost Incentive Program

As of January 1, 2008, KEDLI's existing gas cost incentive shall be modified to provide for 85% customer/15% company sharing for net capacity release and off-system transactions. Net capacity release and off-system sales revenues means the credits afforded KEDLI from off-system sales and releasing capacity to third parties excluding (i) capacity release revenues applicable to capacity releases to firm customers and/or ESCO's serving firm customers under the KEDLI's capacity release program and any amended, extended, or superseding programs ("Marketer/Direct Customer Capacity Program"), and (ii) the bundled sales revenues recovered through either the winter bundled sales service (Tier 2) or virtual storage service (Tier 3) and any amended, extended or superseding programs. Other than these changes, the existing mechanism

shall otherwise remain unchanged.

N. Retail Access

1. Purchase of Receivables

On or before April 1, 2009, KEDLI will implement a POR program for ESCOs active in its service territory that are participating in the consolidated billing program. KEDLI will purchase the outstanding balance of ESCO receivables as of the implementation date of the POR program consistent with the methodology applied by National Grid and described at pages 18-19 of National Grid's Competitive Opportunities Development Plan Joint Proposal dated December 19, 2005, which Joint Proposal was approved by the Commission in Case 05-M-0333. KEDLI will work collaboratively with ESCOs and other interested parties in establishing the other terms of a non-recourse POR program, a mechanism to address customer disputes with ESCO charges that have been purchased by KEDLI as receivables, and any necessary revisions to the consolidated billing agreement.

2. Rate Unbundling

(a) Billing and Payment Processing

As of January 1, 2008, KEDLI's Billing and Payment Processing Rate will be \$0.65 per bill, which will also serve as KEDLI's consolidated billing fee to ESCOs on a per account, per month basis. The calculation of this rate is shown in Appendix F.

(b) Merchant Function Rate

As of January 1, 2008, KEDLI's Merchant Function Rate will be as shown in Appendix G and will be included in the GAC/TAC.

O. State Income Taxes

The company's State Income Tax expense will be recovered through delivery service rates as of January 1, 2008. KEDLI has been filing annual New York State reconciliations since the year 2000 in compliance with the provisions of Case 00-M-1556, Issued and Effective on June 28, 2001. The annual reconciliation will have to be filed up to the date the State Income Tax expenses are included in delivery service rates. In order to recover from or pass back to customers the remaining unrecovered tax balances, State Income Tax expense may be surcharged or credited as it has been in the past.

P. Distributed Generation Rates

Distributed generation rates for commercial/industrial customers (SC-17 KEDLI) will be set based on the guidance provided in Case 02-M-0515. The company will calculate and file

revised rates as part of its compliance filing in this case.

Q. On-Track Program

KEDLI's On-Track program will be increased to 400 participants and the minimum arrearage eligibility threshold will be lowered to \$400.

R. Additional Deferrals and Recoveries

1. New, Large Capital Projects

Nothing in the rate plan is intended to preclude KEDLI from petitioning for deferrals of costs for new, large capital projects not included in the revenue requirement. It is understood that all of the Commission's guidelines for deferrals, including a materiality threshold, will apply to any such petition.

2. Lost Revenues

Lost Revenues may be realized associated with Collection costs, Procurement costs, and Sales Promotion costs. KEDLI may defer such "Lost Revenues" and apply such deferral to its Balancing Account. At such time as 30% of KEDLI's residential customers have migrated to an ESCO for commodity supply, interested parties will meet to establish short-run avoided cost curves. Such avoided cost curves will be used to identify the costs avoided by KEDNY due to customer migration to an ESCO. Such avoided costs will offset lost revenues associated with migration.

3. POR Implementation

Any net incremental costs of implementing and administering a purchase of receivables program that are not recovered by other means will be recovered from participating ESCOs.

4. Carrying Costs

This Joint Proposal and the Merger & Gas Revenue Requirement Joint Proposal previously approved by the Commission in Case 06-M-0878 provide for a number of deferrals that are accounted for in KEDLI's Balancing Account. Deferred debits and credits in KEDLI's Balancing Account will accrue carrying charges (base net of federal and state income tax effects) at the rate which KEDLI accrues an allowance for funds used during construction. Carrying charges will be applied in the same manner as the underlying debit or credit causing them to accrue.

S. Area Development/Business Incentive Rates

KEDLI will expand the Business Incentive Rate (BIR) to include Service Classification No. 16 (Year-Round Space Conditioning). KEDLI will add Brownfield sites to the applicability

criteria and, for these sites only, will include Service Classification No. 3 (Multi-Family). KEDLI will introduce an Area Development Rate (ADR) consistent with KEDNY's.

T. Outreach and Education Plan

KEDLI will annually file a customer outreach and education plan with the Director of the Office of Consumer Services.

U. Bill Reformatting

On or before July 1, 2008, KEDLI will implement a reformatted bill consistent with the Commission's "Order Directing Submission of Unbundled Bill Formats" issued February 18, 2005 in Case 00-M-0504—Unbundling Track. Such reformatted bill will be similar to the bill format provided at Appendix H.

V. Billing System Integration

Before finalizing its business requirements for the conversion of its billing system, KEDLI will discuss and consult with Staff regarding such business requirements and, following such discussion and consultation, KEDLI will submit a report to the parties in Case 06-G-1185 describing KEDLI's plans to replace its billing system or to integrate such system into that of National Grid. The report will be submitted on or before January 1, 2009.

The current plan is that the replacement or conversion of KEDLI's billing system will be completed by December 31, 2012. KEDLI will meet with Staff at least annually, or more frequently at Staff's request, to discuss design issues and conversion status. In the event that plans or circumstances change such that KEDLI no longer plans to complete conversion by December 31, 2012, KEDLI will promptly provide a report to the Commission explaining the circumstances and providing the alternative schedule for replacement or conversion of the billing system. Any dispute arising from such a change will be referred to the Commission for its determination.

VII. Merger Reserved Issues

A. Transfer of Gas Contracts By KEDNY and KEDLI

If KEDNY and KEDLI wish to pursue their proposal to transfer their gas contracts to a service company affiliate, they will make a separate filing no later than June 1, 2008 that supports their proposal. When such filing is made, the Commission will establish such procedures as are necessary to resolve any issues raised by such filing. All parties reserve the right to support or oppose any petition filed with the Commission.

B. Affiliate Transactions

The interim agreements between the National Grid Service Company and the KeySpan operating companies and the KeySpan service companies and the National Grid operating companies referenced at Article VI of the Merger & Gas Revenue Requirement Joint Proposal was filed on October 1, 2007. The final policies, procedures and agreements governing transactions among National Grid affiliates in compliance with Appendix 4 of the Merger & Gas Revenue Requirement Joint Proposal will be filed no later than April 1, 2008.

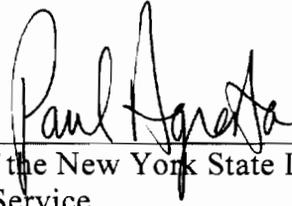
IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

The Brooklyn Union Gas Company d/b/a
KeySpan Energy Delivery New York and
KeySpan Gas East Corporation d/b/a KeySpan
Energy Delivery Long Island

Date: 10/5/07

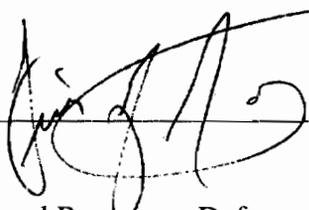
IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.



Staff of the New York State Department of
Public Service

Date: 10/10/67

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right, positioned above a solid horizontal line.

Party: Natural Resources Defense Council

Date: October 9th, 2007

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

/s/ Brian Lederer



Brian Lederer, Counsel

Party: International Brotherhood of Electrical
Workers, Local Nos. 1049 and 1381

Date: October 9, 2007

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

Robert M. Loughney
Party: Counsel for City of New York
Date: October 9, 2007

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

A handwritten signature in black ink, appearing to be "D. West", is written over a horizontal line.

Party: Pace Energy Project

Date: October 5, 2007

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.



Michael F. Meath

Party: New York State Energy Marketers Coalition

Date: October 5, 2007

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.



New York State Consumer Protection Board

Date: October 5, 2007

APPENDIX A

KEDNY - Recovery Of Gas-related Costs

Certain Gas-related costs that previously have been recovered through Delivery Service Rates will be recovered through the GAC/TAC from and after January 1, 2008. All costs listed below will be shown on the Monthly Gas Adjustment Clause Statement. The Return Requirement on Gas in Storage will be shown on the Monthly Unbundled Transportation Service Charge Statement. These Gas-related costs are as follows:

1. Gas Procurement and Commodity-related Sales Promotion Expenses.
2. Commodity-related Credit and Collection Expenses.
3. Uncollectible Expenses Associated With Gas Costs.
4. Return Requirement on Gas Purchase-Related Working Capital.
5. Return Requirement on Gas in Storage.

These costs items will be recovered/reconciled through the GAC/TAC, as applicable, as follows:

1. The amount of Gas Procurement and Commodity-Related Sales Promotion Expense to be recovered through the GAC in each of the Rate Years is as follows:

(a)	2008	-	\$1,210,000 (\$0.0123/dth)
(b)	2009	-	\$1,235,410 (\$0.0124/dth)
(c)	2010	-	\$1,261,354 (\$0.0125/dth)
(d)	2011	-	\$1,287,849 (\$0.0125/dth)
(e)	2012	-	\$1,314,887 (\$0.0124/dth)

(and each subsequent year until changed by the Commission).

The level of expense set forth for each Rate Year has been divided by the projected firm sales volume for the purpose of calculating a factor to permit recovery of these expenses through the GAC. There will be no reconciliation or true-up of these expenses other than to reflect differences between projected and actual firm sales volumes.

2. The amount of Credit and Collection expense to be recovered through the GAC in each of the Rate Years is as follows:

(a)	2008	-	\$12,295,000 (\$0.1253/dth)
(b)	2009	-	\$12,553,195 (\$0.1265/dth)
(c)	2010	-	\$12,816,812 (\$0.1266/dth)
(d)	2011	-	\$13,085,965 (\$0.1269/dth)
(e)	2012	-	\$13,360,770 (\$0.1262/dth)

(and each subsequent year until changed by the Commission).

The level of expense set forth for each Rate Year has been divided by the projected firm sales volume to calculate a factor to permit recovery of these expenses through the GAC (and through the discount factor for ESCOs participating in POR). There will be no reconciliation or true-up of these expenses other than to reflect differences between projected and actual firm sales volumes.

3. Each year an estimate of Uncollectible Expense associated with Gas Costs will be recovered through the GAC by multiplying the fixed experience factor of 1.48% by forecasted total gas costs for each GAC Year. The fixed experience factor of 1.48% will not change during the term of the KEDNY Rate Plan. However, the Uncollectible Expense Associated with Gas Costs will be adjusted for actual gas costs. Such adjustments will be made annually in the normal course of GAC reconciliation.

4. Each year an estimate of the Return Requirement on Gas Purchase-Related Working Capital will be recovered through the GAC and determined by multiplying a lead/lag rate of 8.45% by forecasted total gas costs for each GAC Year and multiplying the resulting product by the Return of 10.68%. The lead/lag rate of 8.45% and the Return of 10.68% will not change during the term of the KEDNY Rate Plan. However, the Return Requirement on Gas Purchase-Related Working Capital will be adjusted for actual gas costs. Such adjustments will be made annually in the normal course of the GAC reconciliation.

5. The Return Requirement on Gas in Storage to be recovered through the GAC/TAC will be determined annually by multiplying the Return of 10.68% by the forecasted 13-month average cost of gas in storage. The Return of 10.68% will not change during the term of the KEDNY Rate Plan. However, the Return Requirement on Gas in Storage will be adjusted for actual storage balances. Such adjustments will be made annually in the normal course of GAC reconciliation.

KEDLI - Recovery Of Gas-related Costs

Certain Gas-related costs that previously have been recovered through Delivery Service Rates will be recovered through the GAC/TAC from and after January 1, 2008. All costs listed below will be shown on the Monthly Gas Adjustment Clause Statement. The Return Requirement on Gas in Storage will be shown on the Monthly Unbundled Transportation Service Charge Statement. These Gas-related costs are as follows:

1. Gas Procurement and Commodity-related Sales Promotion Expenses.
2. Credit and Collection Expenses.
3. Uncollectible Expenses Associated With Gas Costs.
4. Return Requirement on Gas Purchase-Related Working Capital.
5. Return Requirement on Gas in Storage.

These costs items will be recovered/reconciled through the GAC/TAC, as applicable, as follows:

1. The amount of Gas Procurement and Commodity-Related Sales Promotion Expenses to be recovered through the GAC in each of the three Rate Years is as follows:

(a)	2008	-	\$1,344,000 (\$0.0193/dth)
(b)	2009	-	\$1,372,224 (\$0.0194/dth)
(c)	2010	-	\$1,401,041 (\$0.0193/dth)
(d)	2011	-	\$1,430,463 (\$0.0193/dth)

- (e) 2012 - \$1,460,502 (\$0.0191/dth)
(and each subsequent year until changed by the Commission).

The level of expense set forth for each Rate Year has been divided by the projected firm sales volume for the purpose of calculating a factor to permit recovery of these expenses through the GAC. There will be no reconciliation or true-up of these expenses other than to reflect differences between projected and actual firm sales volumes.

2. The amount of Credit and Collection expense to be recovered through the GAC in each of the three Rate Years is as follows:

- (a) 2008 - \$2,733,000 (\$0.0392/dth)
- (b) 2009 - \$2,790,393 (\$0.0394/dth)
- (c) 2010 - \$2,848,991 (\$0.0393/dth)
- (d) 2011 - \$2,908,820 (\$0.0392/dth)
- (e) 2012 - \$2,969,905 (\$0.0388/dth)
(and each subsequent year until changed by the Commission).

The level of expense set forth for each Rate Year has been divided by the projected firm sales volume for the purpose of calculating a factor to permit recovery of these expenses through the GAC. There will be no reconciliation or true-up of this expense other than to reflect differences between projected and actual firm sales volumes.

3. Each year an estimate of Uncollectible Expense Associated With Gas Costs will be recovered through the GAC and determined by multiplying the fixed experience factor of 0.75% by forecasted total gas costs for each GAC Year. The fixed experience factor of 0.75% will not change during the term of the KEDLI Rate Plan. However, the Uncollectible Expense Associated with Gas Costs will be adjusted for actual gas costs. Such adjustments will be made annually in the normal course of GAC reconciliation.

4. Each year an estimate of the Return Requirement on Gas Purchase-Related Working Capital will be recovered through the GAC and determined by multiplying a lead/lag rate of 4.46% by forecasted total gas costs for each GAC Year and multiplying the resulting product by the Return of 11.52%. The lead/lag rate of 4.46% and the Return of 11.52% will not change during the term of the KEDLI Rate Plan. However, the Return Requirement on Gas Purchase-Related Working Capital will be adjusted for actual gas costs.

5. The Return Requirement on Gas in Storage to be recovered through the GAC/TAC and will be determined by multiplying the Return of 11.52% by the forecasted 13-month average cost of gas in storage. The Return of 11.52% will not change during the term of the KEDLI Rate Plan. However, the Return Requirement on Gas in Storage will be adjusted for actual storage balances. Such adjustments will be made annually in the normal course of GAC reconciliation.

APPENDIX B

KEYSPAN NY Case 06-G-1185

Revenue Allocation

SERVICE CLASS	STAFF FORECASTED REVENUES AT EXISTING RATES	REVENUE ALLOCATION FACTOR	REVENUE TARGET	LOW INCOME	SHIFT	ADJUSTMENT AMOUNT	ECOS STUDY UNITIZED CLASS ROR	ADJUSTMENT IMPACT
SC 1A	105,825,060		12,132,062	3,132,062	9,000,000	9,000,000	0.43	0.76
SC 1B	342,040,031		2,616,592	2,616,592	-	-	1.06	1.06
SC 2-1	51,892,911		(7,381,378)	118,622	(15,000,000)	(7,500,000)	1.99	1.19
SC 2-2	35,245,201		(7,384,460)	115,540	(7,500,000)	(7,500,000)		
SC 3	38,080,166		6,067,642	67,642	6,000,000	6,000,000	0.19	0.76
SC 4A	5,637,421		468	468	-	-		
SC 4B	1,110,301		551	551	-	-		
SC 7	53,234		128	128	-	-		
	579,884,324		6,051,605	6,051,605	-	-		
			-	DIFFERENCE				

REVENUE REQUIREMENT	-
ASSOCIATED REVENUE TAXES	-
ADJ. REV REQUIREMENT	6,051,605
INCREMENTAL LOW INCOME	6,051,605
ADJ. REV REQUIREMENT	6,051,605
PERCENTAGE INCREASE	0.00%

KEYSPAN LI Case 06-G-1186

Revenue Allocation

SERVICE CLASS	STAFF FORECASTED REVENUES AT EXISTING RATES	REVENUE ALLOCATION FACTOR	REVENUE TARGET	LOW INCOME	SHIFT	ADJUSTMEN T AMOUNT	ECOS STUDY	
							UNITIZED CLASS ROR	ADJUSTMENT IMPACT
SC 1A	27,072,642	1.50	7,584,987	1,231,218	-	2,117,923	0.59	0.76
SC 1B	235,486,487	0.87	35,197,242	3,035,465	-	(4,682,967)	1.17	1.12
SC 2A	17,814,265	1.10	3,145,700	79,714	-	278,726	0.84	0.88
SC 2B	92,685,503	1.10	16,403,050	451,090	-	1,450,178	0.84	0.88
SC 3	7,878,994	2.00	2,476,592	11,062	-	1,232,765	0.02	0.32
SC 15	2,277,969	-	559	559	-	-	-	-
SC 16	244,559	-	89	89	-	-	-	-
SC 17	18,685	-	-	-	-	(2,924)	-	-
	383,479,105		64,808,219	4,809,197	-	393,702		
			(979) DIFFERENCE					

REVENUE REQUIREMENT	60,000,000
ASSOCIATED REVENUE TAXES	-
ADJ. REV REQUIREMENT	60,000,000
INCREMENTAL LOW INCOME	4,809,197
ADJ. REV REQUIREMENT	64,809,197
PERCENTAGE INCREASE	15.65%

APPENDIX C

KEYSPAN NY Case 06-G-1185

Delivery Rate Summary

For presentation purposes, all info is on a monthly basis.

	YR 1	YR 2	YR 3	YR 4	YR 5
<u>SC 1A RESIDENTIAL NON-HEATING</u>					
First 3 therms	\$ 11.53	\$ 12.22	\$ 12.90	\$ 13.59	\$ 14.27
Next 47 therms, per therm	\$ 0.8610	\$ 0.7288	\$ 0.5990	\$ 0.4668	\$ 0.3369
Excess 50 therms, per therm	\$ 0.3904	\$ 0.3428	\$ 0.2952	\$ 0.2476	\$ 0.2000
<u>SC 1B RESIDENTIAL HEATING</u>					
First 3 therms	\$ 12.63	\$ 13.79	\$ 14.95	\$ 16.11	\$ 17.27
Next 47 therms, per therm	\$ 0.5888	\$ 0.5827	\$ 0.5766	\$ 0.5705	\$ 0.5644
Excess 50 therms, per therm	\$ 0.3020	\$ 0.2890	\$ 0.2760	\$ 0.2630	\$ 0.2500
<u>SC 2-1 NON-RESIDENTIAL NON-HEATING SERVICE</u>					
First 3 therms	\$ 15.29	\$ 19.04	\$ 22.78	\$ 26.53	\$ 30.27
Next 87 therms, per therm	\$ 0.5341	\$ 0.4910	\$ 0.4481	\$ 0.4050	\$ 0.3621
Next 2,910 therms, per therm	\$ 0.2460	\$ 0.2420	\$ 0.2380	\$ 0.2340	\$ 0.2300
Excess 3,000 therms, per therm	\$ 0.1960	\$ 0.1920	\$ 0.1880	\$ 0.1840	\$ 0.1800
<u>SC 2-2 NON-RESIDENTIAL HEATING SERVICE</u>					
First 3 therms	\$ 15.29	\$ 19.04	\$ 22.78	\$ 26.53	\$ 30.27
Next 87 therms, per therm	\$ 0.5341	\$ 0.4910	\$ 0.4481	\$ 0.4050	\$ 0.3621
Next 2,910 therms, per therm	\$ 0.2960	\$ 0.2920	\$ 0.2880	\$ 0.2840	\$ 0.2800
Excess 3,000 therms, per therm	\$ 0.2460	\$ 0.2420	\$ 0.2380	\$ 0.2340	\$ 0.2300
<u>SC 3 MULTI-FAMILY SERVICE</u>					
First 3 therms	\$ 17.22	\$ 22.98	\$ 28.75	\$ 34.51	\$ 40.27
Next 997 therms, per therm	\$ 0.3271	\$ 0.3133	\$ 0.2995	\$ 0.2857	\$ 0.2719
Excess 1,000 therms, per therm	\$ 0.2000	\$ 0.2000	\$ 0.2000	\$ 0.2000	\$ 0.2000
<u>SC 4A HIGH LOAD FACTOR SERVICE</u>					
First 10 therms	\$ 121.09	\$ 121.09	\$ 121.09	\$ 121.09	\$ 121.09
Next 990 therms, per therm	\$ 0.1657	\$ 0.1657	\$ 0.1657	\$ 0.1657	\$ 0.1657
Excess 1,000 therms, per therm	\$ 0.1550	\$ 0.1550	\$ 0.1550	\$ 0.1550	\$ 0.1550
<u>SC 4B YEAR-ROUND SPACE CONDITIONING SERVICE</u>					
First 1 therm	\$ 36.81	\$ 52.68	\$ 68.54	\$ 84.41	\$ 100.27
Next 199 therms, per therm	\$ 0.5371	\$ 0.5875	\$ 0.6380	\$ 0.6884	\$ 0.7389
Excess 200 therms, per therm	\$ 0.2972	\$ 0.2854	\$ 0.2736	\$ 0.2618	\$ 0.2500
<u>SC 7 SEASONAL OFF-PEAK SERVICE - SEASONAL</u>					
First 3 therms	\$ 14.75	\$ 21.13	\$ 27.51	\$ 33.89	\$ 40.27
Excess 3 therms, per therm	\$ 0.2119	\$ 0.2036	\$ 0.1953	\$ 0.1870	\$ 0.1787

KEYSPAN NY Case 06-G-1185

Delivery Rate Design for Stay Out Years

For presentation purposes, all info is on a monthly basis.

	YR 5	INCREMENT PER YEAR	GOAL
<u>SC 1A RESIDENTIAL NON-HEATING</u>			
First 3 therms	\$ 14.27	\$ 0.23	\$ 14.50
Next 47 therms, per therm	\$ 0.3369		
Excess 50 therms, per therm	\$ 0.2000	\$ (0.0167)	\$ 0.1500
<u>SC 1B RESIDENTIAL HEATING</u>			
First 3 therms	\$ 17.27	\$ 1.68	\$ 22.31
Next 47 therms, per therm	\$ 0.5644		
Excess 50 therms, per therm	\$ 0.2500	\$ (0.0167)	\$ 0.2000
<u>SC 2-1 NON-RESIDENTIAL NON-HEATING SERVICE</u>			
First 3 therms	\$ 30.27	\$ 2.68	\$ 38.31
Next 87 therms, per therm	\$ 0.3621		
Next 2,910 therms, per therm	\$ 0.2300	\$ 0.0067	\$ 0.2500
Excess 3,000 therms, per therm	\$ 0.1800	\$ (0.0100)	\$ 0.1500
<u>SC 2-2 NON-RESIDENTIAL HEATING SERVICE</u>			
First 3 therms	\$ 30.27	\$ 2.68	\$ 38.31
Next 87 therms, per therm	\$ 0.3621		
Next 2,910 therms, per therm	\$ 0.2800	\$ 0.0067	\$ 0.3000
Excess 3,000 therms, per therm	\$ 0.2300	\$ (0.0100)	\$ 0.2000

NOTE: The minimum charge for SC 1A will meet the goal in one year.

KEYSPAN NY Case 06-G-1185

Bill Impacts - Monthly & Annual

SC-1A RESIDENTIAL-NON-HEATING - RATE YEAR 1

Sales Therms	Bills at Present Rates		Difference		Present Rates	RY 1 Rates
	Present Rates	Rates	Amount	Percent		
0	\$11.62	\$12.54	\$ 0.92	7.9%	\$10.58	First 3 therms
3	\$14.68	\$15.75	1.07	7.3%	\$0.727	Next 12 therms, per therm
10	\$27.42	\$29.79	2.37	8.7%	\$0.571	Next 35 therms, per therm
15	\$36.52	\$39.82	3.30	9.0%	\$0.438	Excess 50 therms, per therm
20	\$44.76	\$48.85	5.09	11.4%		
25	\$53.00	\$59.88	6.88	13.0%		
30	\$61.24	\$69.91	8.67	14.2%		
35	\$69.48	\$79.94	10.46	15.1%		
40	\$77.72	\$89.97	12.25	15.8%		
45	\$85.97	\$100.00	14.04	16.3%		
50	\$94.21	\$110.03	15.83	16.8%		
55	\$101.72	\$117.50	15.79	15.5%		
60	\$109.23	\$124.98	15.75	14.4%		
65	\$116.74	\$132.45	15.71	13.5%		
70	\$124.25	\$139.92	15.67	12.6%		
75	\$131.76	\$147.39	15.63	11.9%		
80	\$139.28	\$154.87	15.59	11.2%		
85	\$146.79	\$162.34	15.55	10.6%		
90	\$154.30	\$169.81	15.51	10.1%		
95	\$161.81	\$177.28	15.47	9.6%		
100	\$169.32	\$184.75	15.43	9.1%		

Gas Supply Chrg	\$0.9500					
Merch Funct Chrg	\$0.0000					
Transition Surdch	\$0.0000					
GRT - Commodity	3.189%					
GRT - Delivery	5.374%					
MTA	0.181%					
Sales Tax	4.000%					
Included in Gas Supply Charge	\$ -					
Energy Efficiency Surcharge	\$ -					
Unitized GAC Credits	\$ -					

Month	Sales Therms	Bills at		Difference	
		Present Rates	Rates	Amount	Percent
January	8	\$23.78	\$25.78	\$2.00	8.4%
February	8	\$23.78	\$25.78	\$2.00	8.4%
March	8	\$23.78	\$25.78	\$2.00	8.4%
April	8	\$23.78	\$25.78	\$2.00	8.4%
May	8	\$23.78	\$25.78	\$2.00	8.4%
June	8	\$23.78	\$25.78	\$2.00	8.4%
July	8	\$23.78	\$25.78	\$2.00	8.4%
August	8	\$23.78	\$25.78	\$2.00	8.4%
September	8	\$23.78	\$25.78	\$2.00	8.4%
October	8	\$23.78	\$25.78	\$2.00	8.4%
November	8	\$23.78	\$25.78	\$2.00	8.4%
December	8	\$23.78	\$25.78	\$2.00	8.4%
Annual Totals	96	\$285.33	\$309.32	\$23.99	8.4%

KEYSPAN NY Case 06-G-1185

Bill Impacts - Monthly & Annual

SC-1A RESIDENTIAL LOW INCOME NON-HEATING - RATE YEAR 1

Sales Therms	Bills at		Difference		RY 1 Rates	Discount	Discounted Rates
	RY 1 Rates	Discounted Rates	Amount	Percent			
0	\$12.54	\$9.82	\$ (2.72)	-21.7%	\$11.53	\$ (2.50)	\$9.03
3	\$15.75	\$13.03	\$ (2.72)	-17.3%	\$0.8610		\$0.8610
10	\$29.79	\$27.07	\$ (2.72)	-9.1%	\$0.3904		\$0.3904
15	\$39.82	\$37.10	\$ (2.72)	-6.8%			
20	\$49.85	\$47.13	\$ (2.72)	-5.5%			
25	\$59.88	\$57.16	\$ (2.72)	-4.5%			
30	\$69.91	\$67.19	\$ (2.72)	-3.9%			
35	\$79.94	\$77.22	\$ (2.72)	-3.4%			
40	\$89.97	\$87.25	\$ (2.72)	-3.0%			
45	\$100.00	\$97.28	\$ (2.72)	-2.7%			
50	\$110.03	\$107.31	\$ (2.72)	-2.5%			
55	\$117.50	\$114.79	\$ (2.72)	-2.3%			
60	\$124.98	\$122.26	\$ (2.72)	-2.2%			
65	\$132.45	\$129.73	\$ (2.72)	-2.1%			
70	\$139.92	\$137.20	\$ (2.72)	-1.9%			
75	\$147.39	\$144.67	\$ (2.72)	-1.8%			
80	\$154.87	\$152.15	\$ (2.72)	-1.8%			
85	\$162.34	\$159.62	\$ (2.72)	-1.7%			
90	\$169.81	\$167.09	\$ (2.72)	-1.6%			
95	\$177.28	\$174.56	\$ (2.72)	-1.5%			
100	\$184.75	\$182.04	\$ (2.72)	-1.5%			

First 3 therms
 Next 47 therms, per therm
 Excess 50 therms, per therm

 Gas Supply Chrg
 Merch Funct Chrg
 Transition Surch.
 GRT - Commodity
 GRT - Delivery
 MTA
 Sales Tax

 Included in Gas Supply Charge
 Energy Efficiency Surcharge
 Unitized GAC Credits

Month	Sales Therms	Bills at		Difference	
		RY 1 Rates	Discounted Rates	Amount	Percent
January	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
February	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
March	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
April	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
May	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
June	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
July	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
August	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
September	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
October	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
November	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
December	8	\$25.78	\$23.06	\$ (2.72)	-10.5%
Annual Totals	96	\$309.32	\$276.70	\$ (32.62)	-10.5%

KEYSPAN NY Case 06-G-1185

Bill Impacts - Monthly & Annual

SC-1B RESIDENTIAL HEATING - RATE YEAR 1

Sales Therms	Bills at Present		Bills at RY 1		Difference		Present Rates	RY 1 Rates
	Rates	Therms	Rates	Therms	Amount	Percent		
0	\$12.30		\$13.73		\$ 1.44	11.7%	\$11.20	\$12.63
3	\$15.36		\$16.94		\$ 1.58	10.3%	\$0.624	\$0.5888
6	\$20.48		\$22.07		\$ 1.59	7.8%	\$0.465	\$0.3020
10	\$27.31		\$28.91		\$ 1.61	5.9%	\$0.365	
20	\$43.50		\$46.01		\$ 2.52	5.8%	\$0.315	
30	\$58.82		\$63.12		\$ 4.30	7.3%		
40	\$74.14		\$80.22		\$ 6.08	8.2%		
50	\$89.46		\$97.32		\$ 7.86	8.8%		
60	\$103.68		\$111.30		\$ 7.62	7.4%		
70	\$117.90		\$125.28		\$ 7.38	6.3%		
80	\$132.12		\$139.27		\$ 7.14	5.4%		
90	\$146.34		\$153.25		\$ 6.91	4.7%		
100	\$160.57		\$167.23		\$ 6.67	4.2%		
125	\$196.12		\$202.19		\$ 6.07	3.1%		
150	\$231.68		\$237.15		\$ 5.47	2.4%		
175	\$267.23		\$272.11		\$ 4.88	1.8%		
200	\$302.78		\$307.06		\$ 4.28	1.4%		
250	\$373.89		\$376.98		\$ 3.09	0.8%	\$0.9500	\$0.9479
300	\$442.26		\$446.89		\$ 4.64	1.0%	\$0.0000	\$0.0567
350	\$510.62		\$516.81		\$ 6.19	1.2%	\$0.0000	\$0.0000
400	\$578.98		\$586.72		\$ 7.74	1.3%	3.199%	\$0.0241
500	\$715.71		\$726.55		\$ 10.84	1.5%	0.181%	\$0.0455
750	\$1,057.53		\$1,076.13		\$ 18.59	1.8%	4.000%	\$0.0000
1000	\$1,399.35		\$1,425.70		\$ 26.35	1.9%		\$ 0.017
1500	\$2,082.99		\$2,124.85		\$ 41.85	2.0%		\$ 0.0189
2000	\$2,766.64		\$2,824.00		\$ 57.36	2.1%		
3000	\$4,133.92		\$4,222.29		\$ 88.38	2.1%		
4000	\$5,501.20		\$5,620.59		\$ 119.39	2.2%		
5000	\$6,868.48		\$7,018.89		\$ 150.40	2.2%		

First 3 Therms
 Next 12 therms, per therm
 Next 35 therms, per therm
 Next 200 therms, per therm
 Excess 250 therms, per therm

 Gas Supply Chrg
 Merch Funct Chrg
 Transition Surch.
 GRT - Commodity
 GRT - Delivery
 MTA
 Sales Tax

 Included in Gas Supply Charge
 Energy Efficiency Surcharge
 Unitized GAC Credits

Month	Sales Therms	Bills at		Difference	
		Present Rates	RY 1 Rates	Amount	Percent
January	249	\$372.47	\$375.58	\$3.11	0.8%
February	213	\$321.27	\$325.24	\$3.97	1.2%
March	180	\$274.34	\$279.10	\$4.76	1.7%
April	111	\$176.21	\$182.61	\$6.40	3.6%
May	60	\$103.68	\$111.30	\$7.62	7.4%
June	35	\$66.48	\$71.67	\$5.19	7.8%
July	33	\$63.41	\$68.25	\$4.83	7.6%
August	33	\$63.41	\$68.25	\$4.83	7.6%
September	42	\$77.20	\$83.64	\$6.44	8.3%
October	86	\$140.66	\$147.66	\$7.00	5.0%
November	142	\$220.30	\$225.96	\$5.66	2.6%
December	217	\$326.96	\$330.83	\$3.87	1.2%
Annual Totals	1401	\$2,206.39	\$2,270.08	\$63.69	2.9%

KEYSPAN NY Case 06-G-1185

Bill Impacts - Monthly & Annual

SC 1B RESIDENTIAL LOW INCOME HEATING - RATE YEAR 1

Month	Sales Therms	Bills at		Difference		RY 1 Rates	Discount	Discounted Rates
		RY 1 Rates	Discounted Rates	Amount	Percent			
January	249	\$375.58	\$351.73	-\$23.85	-6.4%	\$12.63	\$ (9.50)	\$3.13
February	213	\$325.24	\$301.39	-\$23.85	-7.3%	\$0.5888	(0.2646)	\$0.3242
March	180	\$279.10	\$255.25	-\$23.85	-8.5%	\$0.5888	-	\$0.5888
April	111	\$182.61	\$158.76	-\$23.85	-13.1%	\$0.3020		\$0.3020
May	60	\$111.30	\$100.97	-\$10.33	-9.3%			
June	35	\$71.67	\$61.34	-\$10.33	-14.4%			
July	33	\$68.25	\$57.92	-\$10.33	-15.1%			
August	33	\$68.25	\$57.92	-\$10.33	-15.1%			
September	42	\$83.64	\$73.31	-\$10.33	-12.4%			
October	86	\$147.66	\$137.33	-\$10.33	-7.0%			
November	142	\$225.96	\$202.11	-\$23.85	-10.6%			
December	217	\$330.83	\$306.98	-\$23.85	-7.2%			
Annual Totals	1401	\$2,270.08	\$2,065.00	-\$205.08	-9.0%			

Included in Gas Supply Charge
Energy Efficiency Surcharge
Unitized GAC Credits

RY 1 Rates \$0.0168 \$ 0.0168
Discount \$0.01887 \$ 0.01887

The discount off the second block will be from November 1 to April 30.

KEYSPAN NY Case 06-G-1185

Bill Impacts - Monthly & Annual

SC 4A HIGH LOAD FACTOR SERVICE - RATE YEAR 1

Sales Therms	Bills at Present Rates	Bills at RY 1 Rates	Difference			Present Rates	RY 1 Rates
			Amount	Percent			
0	\$136	\$134	\$ (1.28)	-0.9%	First 10 Therms	\$121.09	\$121.09
10	\$146	\$146	\$ (0.78)	-0.5%	Next 990 therms, per therm	\$0.1650	\$0.1657
100	\$259	\$262	\$ 3.68	1.4%	Excess 1,000 therms, per therm	\$0.1550	\$0.1550
500	\$758	\$782	\$ 23.50	3.1%			
750	\$1,071	\$1,107	\$ 35.89	3.4%			
1000	\$1,383	\$1,431	\$ 48.28	3.5%			
2500	\$3,240	\$3,362	\$ 121.59	3.8%			
5000	\$6,335	\$6,579	\$ 243.79	3.8%			
7500	\$9,431	\$9,797	\$ 365.99	3.9%			
10000	\$12,526	\$13,014	\$ 488.19	3.9%			
12500	\$15,621	\$16,232	\$ 610.39	3.9%	Gas Supply Chrg	\$0.9500	\$0.9479
15000	\$18,716	\$19,449	\$ 732.58	3.9%	Merch Funct Chrg	\$0.0000	\$0.0567
17500	\$21,812	\$22,666	\$ 854.78	3.9%	Transition Surch.	\$0.0000	\$0.0000
20000	\$24,907	\$25,884	\$ 976.98	3.9%	GRT - Commodity	3.199%	2.407%
22500	\$28,002	\$29,101	\$ 1,099.18	3.9%	GRT - Delivery	3.199%	2.407%
25000	\$31,097	\$32,319	\$ 1,221.38	3.9%	MTA	0.181%	0.000%
30000	\$37,288	\$38,754	\$ 1,465.77	3.9%	Sales Tax	8.375%	8.375%
					Included in Gas Supply Charge		
					Energy Efficiency Surcharge	\$0.0000	\$0.0168
					Unitized GAC Credits	\$0.00000	\$0.01887

Month	Sales Therms	Bills at Present Rates	Bills at RY 1 Rates	Difference	
				Amount	Percent
January	17348	\$21,623	\$22,471	\$847	3.9%
February	15244	\$19,018	\$19,763	\$745	3.9%
March	14912	\$18,607	\$19,336	\$728	3.9%
April	12235	\$15,293	\$15,890	\$597	3.9%
May	10701	\$13,394	\$13,916	\$522	3.9%
June	9450	\$11,845	\$12,306	\$461	3.9%
July	9765	\$12,235	\$12,712	\$477	3.9%
August	9765	\$12,235	\$12,712	\$477	3.9%
September	9450	\$11,845	\$12,306	\$461	3.9%
October	11614	\$14,524	\$15,091	\$567	3.9%
November	13297	\$16,608	\$17,257	\$649	3.9%
December	16219	\$20,226	\$21,018	\$792	3.9%
Annual Totals	150000	\$187,454	\$194,779	\$7,325	3.9%

KEYSPAN NY Case 06-G-1185

Bill Impacts - Monthly & Annual

SC 4B YEAR-ROUND SPACE CONDITIONING SERVICE - RATE YEAR 1

Sales Therms	Bills at Present	Bills at RY 1	Difference		Present Rates	RY 1 Rates	
	Rates	Rates	Amount	Percent			
0	\$23	\$41	\$ 17.68	76.3%			
10	\$39	\$57	\$ 18.65	48.2%			
100	\$184	\$211	\$ 27.84	15.2%			
200	\$344	\$382	\$ 38.05	11.0%			
300	\$485	\$527	\$ 41.46	8.5%			
400	\$627	\$671	\$ 44.88	7.2%			
500	\$768	\$816	\$ 48.29	6.3%			
600	\$909	\$960	\$ 51.71	5.7%			
700	\$1,050	\$1,105	\$ 55.12	5.3%			
800	\$1,191	\$1,249	\$ 58.54	4.9%			
900	\$1,332	\$1,394	\$ 61.95	4.7%			
1000	\$1,473	\$1,538	\$ 65.37	4.4%			
1250	\$1,826	\$1,899	\$ 73.90	4.0%			
1500	\$2,178	\$2,261	\$ 82.44	3.8%			
1750	\$2,531	\$2,622	\$ 90.98	3.6%			
2000	\$2,884	\$2,983	\$ 99.52	3.5%			
2500	\$3,589	\$3,705	\$ 116.59	3.2%			
3000	\$4,294	\$4,428	\$ 133.67	3.1%			
4000	\$5,705	\$5,873	\$ 167.82	2.9%			
5000	\$7,115	\$7,317	\$ 201.97	2.8%			
6000	\$8,526	\$8,762	\$ 236.12	2.8%			
7000	\$9,937	\$10,207	\$ 270.27	2.7%			
8000	\$11,347	\$11,652	\$ 304.42	2.7%			
9000	\$12,758	\$13,097	\$ 338.57	2.7%			
10000	\$14,169	\$14,541	\$ 372.72	2.6%			
20000	\$28,275	\$28,989	\$ 714.22	2.5%			
					First 1 Therms	\$20.68	\$36.81
					Next 199 therms, per therm	\$0.4860	\$0.5371
					Excess 200 therms, per therm	\$0.3090	\$0.2972
					Gas Supply Chrg	\$0.9500	\$0.9479
					Merch Funct Chrg	\$0.0000	\$0.0567
					Transition Surch.	\$0.0000	\$0.0000
					GRT - Commodity	3.199%	2.407%
					GRT - Delivery	3.199%	2.407%
					MTA	0.181%	0.000%
					Sales Tax	8.375%	8.375%
					Included in Gas Supply Charge		
					Energy Efficiency Surcharge	\$0.0000	\$0.0168
					Unitized GAC Credits	\$0.00000	\$0.01887

Month	Sales Therms	Bills at Present Rates	Bills at RY 1 Rates	Difference	
				Amount	Percent
January	888	\$1,315	\$1,323	\$8	0.6%
February	802	\$1,194	\$1,204	\$10	0.8%
March	888	\$1,315	\$1,323	\$8	0.6%
April	859	\$1,274	\$1,283	\$8	0.7%
May	888	\$1,315	\$1,323	\$8	0.6%
June	3207	\$4,586	\$4,533	-\$54	-1.2%
July	3314	\$4,737	\$4,681	-\$56	-1.2%
August	3314	\$4,737	\$4,681	-\$56	-1.2%
September	3207	\$4,586	\$4,533	-\$54	-1.2%
October	888	\$1,315	\$1,323	\$8	0.6%
November	859	\$1,274	\$1,283	\$8	0.7%
December	888	\$1,315	\$1,323	\$8	0.6%
Annual Totals	20002	\$28,963	\$28,809	-\$154	-0.5%

KEYSPAN NY Case 06-G-1185

Bill Impacts - Monthly

SC 7 - RATE YEAR 1

Sales Therms	Bills at	Bills at	Difference		Present Rates	RY 1 Rates	
	Present Rates	RY 1 Rates	Amount	Percent			
0	\$9	\$16	\$ 7.29	80.4%			
10	\$21	\$29	\$ 7.72	36.0%			
100	\$139	\$151	\$ 11.25	8.1%			
200	\$271	\$286	\$ 15.17	5.6%			
300	\$402	\$421	\$ 19.09	4.8%			
400	\$533	\$556	\$ 23.01	4.3%			
500	\$664	\$691	\$ 26.93	4.1%			
600	\$795	\$826	\$ 30.85	3.9%			
700	\$926	\$961	\$ 34.77	3.8%			
800	\$1,057	\$1,096	\$ 38.69	3.7%			
900	\$1,188	\$1,231	\$ 42.61	3.6%			
1000	\$1,319	\$1,366	\$ 46.53	3.5%			
1250	\$1,647	\$1,703	\$ 56.33	3.4%			
1500	\$1,975	\$2,041	\$ 66.13	3.3%			
1750	\$2,302	\$2,378	\$ 75.93	3.3%			
2000	\$2,630	\$2,716	\$ 85.73	3.3%			
2500	\$3,286	\$3,391	\$ 105.33	3.2%			
3000	\$3,941	\$4,066	\$ 124.93	3.2%			
4000	\$5,252	\$5,416	\$ 164.13	3.1%			
5000	\$6,563	\$6,766	\$ 203.33	3.1%			
6000	\$7,874	\$8,116	\$ 242.53	3.1%			
7000	\$9,185	\$9,466	\$ 281.73	3.1%			
8000	\$10,496	\$10,817	\$ 320.93	3.1%			
9000	\$11,807	\$12,167	\$ 360.13	3.1%			
10000	\$13,118	\$13,517	\$ 399.33	3.0%			
20000	\$26,227	\$27,018	\$ 791.33	3.0%			
					First 3 Therms	\$8.10	\$14.75
					Excess 3 therms, per therm	\$0.220	\$0.2119
					Gas Supply Chrg	\$0.9500	\$0.9479
					Merch Funct Chrg	\$0.0000	\$0.0567
					Transition Surch.	\$0.0000	\$0.0000
					GRT - Commodity	3.199%	2.407%
					GRT - Delivery	3.199%	2.407%
					MTA	0.181%	0.000%
					Sales Tax	8.375%	8.375%
					Included in Gas Supply Charge		
					Energy Efficiency Surcharge	\$0.0000	\$0.0168
					Unitized GAC Credits	\$0.00000	\$0.01887

KEYSPAN LI Case 06-G-1186

Delivery Rate Summary

For presentation purposes, all info is on a monthly basis.

	YR 1	YR 2	YR 3	YR 4	YR 5
<u>SC 1A RESIDENTIAL NON-HEATING SERVICE</u>					
First 3 Therms	\$ 9.67	\$ 10.83	\$ 11.99	\$ 13.15	\$ 14.31
Next 47 therms, per therm	\$ 1.0679	\$ 0.9590	\$ 0.8500	\$ 0.7410	\$ 0.6320
Excess 50 therms, per therm	\$ 0.3691	\$ 0.3268	\$ 0.2846	\$ 0.2423	\$ 0.2000
<u>SC 1B RESIDENTIAL HEATING SERVICE</u>					
First 3 Therms	\$ 10.27	\$ 12.03	\$ 13.79	\$ 15.55	\$ 17.31
Next 47 therms, per therm	\$ 0.8205	\$ 0.8339	\$ 0.8471	\$ 0.8605	\$ 0.8739
Excess 50 therms, per therm	\$ 0.3791	\$ 0.3468	\$ 0.3146	\$ 0.2823	\$ 0.2500
<u>SC 2A NON-RESIDENTIAL NON-HEATING SERVICE</u>					
First 3 Therms	\$ 12.87	\$ 17.23	\$ 21.59	\$ 25.95	\$ 30.31
Next 87 therms, per therm	\$ 1.1140	\$ 1.1395	\$ 1.1650	\$ 1.1905	\$ 1.2160
Next 2,910 therms, per therm	\$ 0.3500	\$ 0.3325	\$ 0.3150	\$ 0.2975	\$ 0.2800
Excess 3,000 therms, per therm	\$ 0.2500	\$ 0.2325	\$ 0.2150	\$ 0.1975	\$ 0.1800
<u>SC 2B NON-RESIDENTIAL HEATING SERVICE</u>					
First 3 Therms	\$ 12.87	\$ 17.23	\$ 21.59	\$ 25.95	\$ 30.31
Next 87 therms, per therm	\$ 1.1140	\$ 1.1395	\$ 1.1650	\$ 1.1905	\$ 1.2160
Next 2,910 therms, per therm	\$ 0.4000	\$ 0.3825	\$ 0.3650	\$ 0.3475	\$ 0.3300
Excess 3,000 therms, per therm	\$ 0.3000	\$ 0.2825	\$ 0.2650	\$ 0.2475	\$ 0.2300
<u>SC 3 MULTI-DWELLING SERVICE</u>					
First 3 Therms	\$ 21.87	\$ 35.23	\$ 48.59	\$ 61.95	\$ 75.31
Next 997 therms, per therm	\$ 0.4405	\$ 0.4208	\$ 0.4011	\$ 0.3814	\$ 0.3617
Excess 1,000 therms, per therm	\$ 0.2000	\$ 0.2000	\$ 0.2000	\$ 0.2000	\$ 0.2000
<u>SC 15 HIGH LOAD FACTOR SERVICE</u>					
First 10 Therms	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00
Excess 10 therms, per therm	\$ 0.1300	\$ 0.1300	\$ 0.1300	\$ 0.1300	\$ 0.1300
<u>SC16 YEAR ROUND SPACE CONDITIONING SERVICE</u>					
First 3 Therms	\$ 56.31	\$ 92.31	\$ 128.31	\$ 164.31	\$ 200.31
Next 497 therms, per therm	\$ 0.5117	\$ 0.6776	\$ 0.8435	\$ 1.0094	\$ 1.1753
Excess 500 therms, per therm	\$ 0.2760	\$ 0.2570	\$ 0.2380	\$ 0.2190	\$ 0.2000
<u>SC 17 DISTRIBUTED GENERATION SERVICE</u>					
First 10 Therms	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00
Peak, Excess 10 therms, per therm	\$ 0.1130	\$ 0.1130	\$ 0.1130	\$ 0.1130	\$ 0.1130
Off-Peak, Excess 10 therms, per therm	\$ 0.1450	\$ 0.1450	\$ 0.1450	\$ 0.1450	\$ 0.1450

KEYSPAN LI Case 06-G-1186

Delivery Rate Design for Stay Out Years
For presentation purposes, all info is on a monthly basis.

YR 5	INCREMENT PER YEAR	GOAL
------	-----------------------	------

SC 1A RESIDENTIAL NON-HEATING SERVICE

First 3 Therms	\$ 14.31	\$ 1.33	\$ 18.31
Next 47 therms, per therm	\$ 0.6320		
Excess 50 therms, per therm	\$ 0.2000	\$ (0.0167)	\$ 0.1500

SC 1B RESIDENTIAL HEATING SERVICE

First 3 Therms	\$ 17.31	\$ 1.67	\$ 22.31
Next 47 therms, per therm	\$ 0.8739		
Excess 50 therms, per therm	\$ 0.2500	\$ (0.0167)	\$ 0.2000

SC 2A NON-RESIDENTIAL NON-HEATING SERVICE

First 3 Therms	\$ 30.31	\$ 2.67	\$ 38.31
Next 87 therms, per therm	\$ 1.2160		
Next 2,910 therms, per therm	\$ 0.2800	\$ (0.0100)	\$ 0.2500
Excess 3,000 therms, per therm	\$ 0.1800	\$ (0.0100)	\$ 0.1500

SC 2B NON-RESIDENTIAL HEATING SERVICE

First 3 Therms	\$ 30.31	\$ 2.67	\$ 38.31
Next 87 therms, per therm	\$ 1.2160		
Next 2,910 therms, per therm	\$ 0.3300	\$ (0.0100)	\$ 0.3000
Excess 3,000 therms, per therm	\$ 0.2300	\$ (0.0100)	\$ 0.2000

KEYSPAN LI Case 06-G-1186

Bill Impacts - Monthly & Annual

SC 1A RESIDENTIAL NON-HEATING SERVICE - RATE YEAR 1

Sales Therms	Bills at		Difference		Present Rates	RY 1 Rates
	Present Rates	RY 1 Rates	Amount	Percent		
0	\$8.67	\$9.91	\$ 1.24	14.4%	\$8.20	\$9.67
3	\$11.62	\$12.95	\$ 1.33	11.5%	\$1.0560	\$1.0679
10	\$25.71	\$27.71	\$ 2.00	7.8%	\$0.4780	\$0.3691
20	\$40.60	\$48.80	\$ 8.20	20.2%		
30	\$55.49	\$69.88	\$ 14.39	25.9%		
40	\$70.38	\$90.96	\$ 20.58	29.2%		
50	\$85.27	\$112.05	\$ 26.78	31.4%		
60	\$99.45	\$125.97	\$ 26.52	26.7%		
70	\$113.64	\$139.89	\$ 26.25	23.1%		
80	\$127.82	\$153.81	\$ 25.99	20.3%		
90	\$142.00	\$167.73	\$ 25.73	18.1%		
100	\$156.18	\$181.65	\$ 25.47	16.3%		
					Gas Supply Chrg	\$0.9514
					Merch Funct Chrg	\$0.0377
					Transition Surch.	\$0.0000
					GRT - Commodity	0.7557%
					GRT - Delivery	2.8278%
					MTA	0.0000%
					Sales Tax	0.0000%
						2.50%

Month	Sales Therms	Bills at		Difference		Included in Gas Supply Chrg Energy Efficiency Surch	Unitized GAC Credits
		Present Rates	RY 1 Rates	Amount	Percent		
January	8	\$22.12	\$23.50	\$1.38	6.2%	\$ -	\$ 0.0124
February	8	22.12	23.50	1.38	6.2%	-	0.0110
March	8	22.12	23.50	1.38	6.2%		
April	8	22.12	23.50	1.38	6.2%		
May	8	22.12	23.50	1.38	6.2%		
June	8	22.12	23.50	1.38	6.2%		
July	8	22.12	23.50	1.38	6.2%		
August	8	22.12	23.50	1.38	6.2%		
September	8	22.12	23.50	1.38	6.2%		
October	8	22.12	23.50	1.38	6.2%		
November	8	22.12	23.50	1.38	6.2%		
December	8	22.12	23.50	1.38	6.2%		
Annual Totals	96	\$265.42	\$281.94	\$16.52	6.2%		

KEYSPAN LI Case 06-G-1186

Bill Impacts - Monthly & Annual

SC-1B RESIDENTIAL LOW INCOME HEATING SERVICE - RATE YEAR 1

Month	Sales Therms	Bills at		Difference		RY 1 Rates	Discount Rates	RY 1 Rates	Discount Rates
		RY 1 Rates	Discount Rates	Amount	Percent				
January	245	\$374.20	\$347.02	(27.19)	-7.3%	\$10.27	\$0.77	\$10.27	\$0.77
February	208	322.32	295.13	(27.19)	-8.4%	\$0.8205	\$0.4583	\$0.8205	\$0.4583
March	181	284.45	257.27	(27.19)	-9.6%	\$0.8205	\$0.8205	\$0.8205	\$0.8205
April	114	190.49	163.31	(27.19)	-14.3%	\$0.3791	\$0.3791	\$0.3791	\$0.3791
May	64	120.38	93.19	(27.19)	-22.6%				
June	33	69.21	48.34	(20.88)	-30.2%				
July	34	71.07	49.82	(21.25)	-29.9%				
August	34	71.07	49.82	(21.25)	-29.9%				
September	33	69.21	48.34	(20.88)	-30.2%				
October	93	161.05	133.86	(27.19)	-16.9%				
November	145	233.97	206.78	(27.19)	-11.6%				
December	214	330.73	303.54	(27.19)	-8.2%				
Annual Totals	1398	\$2,298.15	\$1,996.41	-\$301.73	-13.1%				

The discount off the second block will be from November 1 to April 30.

Category	RY 1 Rates	Discount Rates
First 3 Therms	\$0.9514	\$0.9514
Next 47 therms, per therm	\$0.0377	\$0.0377
Next 47 therms, per therm	\$0.0000	\$0.0000
Excess 50 therms, per therm	\$0.0000	\$0.0000
Gas Supply Chrg	2.50%	2.50%
Merch Funct Chrg		
Transition Surch.		
GRT - Commodity		
GRT - Delivery		
MTA		
Sales Tax		
Included in Gas Supply Chrg		
Energy Efficiency Surch		
Unitized GAC Credits		

\$ 0.0124
 \$ 0.0110
 \$ 0.0124
 \$ 0.0110

KEYSPAN LI Case 06-G-1186

Bill Impacts - Monthly & Annual

SC.18 RESIDENTIAL HEATING SERVICE - RATE YEAR.J

Sales Therms	Bills at Present		Bills at RY 1		Difference Amount	Difference Percent	Present Rates	First 3 Therms Next 6 therms, per therm Next 41 therms, per therm Excess 50 therms, per therm	RY 1 Rates
	Rates	Rates	Rates	Rates					
0	\$8.67	\$10.53	\$	\$	1.86	21.5%	\$8.20	First 3 Therms	\$10.27
3	\$11.62	\$13.57	\$	\$	1.95	16.8%	\$1.0960	Next 47 therms, per therm	\$0.8205
6	\$17.92	\$19.13	\$	\$	1.21	6.8%	\$0.4780	Excess 50 therms, per therm	\$0.3791
10	\$25.71	\$26.55	\$	\$	0.84	3.3%			
20	\$40.60	\$45.10	\$	\$	4.50	11.1%			
30	\$55.49	\$63.65	\$	\$	8.16	14.7%			
40	\$70.38	\$82.20	\$	\$	11.82	16.8%			
50	\$85.27	\$100.74	\$	\$	15.47	18.1%			
60	\$99.45	\$114.77	\$	\$	15.31	15.4%	\$0.9500	Gas Supply Chrg	\$0.9514
70	\$113.64	\$128.79	\$	\$	15.16	13.3%	\$0.0000	Merch Funct Chrg	\$0.0377
80	\$127.82	\$142.81	\$	\$	15.00	11.7%	\$0.0000	Transition Surch.	\$0.0000
90	\$142.00	\$156.84	\$	\$	14.84	10.4%	0.7557%	GRT - Commodity	0.0000%
100	\$156.18	\$170.86	\$	\$	14.68	9.4%	2.8278%	GRT - Delivery	0.0000%
125	\$191.64	\$205.92	\$	\$	14.28	7.5%	0.280%	MTA	0.0000%
150	\$227.10	\$240.98	\$	\$	13.88	6.1%	2.50%	Sales Tax	2.50%
175	\$262.55	\$276.04	\$	\$	13.49	5.1%		Included in Gas Supply Chrg	\$ 0.0124
200	\$298.01	\$311.10	\$	\$	13.09	4.4%		Energy Efficiency Surch	\$ 0.0110
250	\$368.92	\$381.22	\$	\$	12.29	3.3%		Utilized GAC Credits	\$ -
300	\$439.83	\$451.33	\$	\$	11.50	2.6%			
350	\$510.75	\$521.45	\$	\$	10.71	2.1%			
400	\$581.66	\$591.57	\$	\$	9.91	1.7%			
500	\$723.49	\$731.81	\$	\$	8.32	1.2%			
750	\$1,078.05	\$1,082.40	\$	\$	4.35	0.4%			
1000	\$1,432.61	\$1,432.99	\$	\$	0.38	0.0%			
1500	\$2,141.74	\$2,134.17	\$	\$	(7.57)	-0.4%			
2000	\$2,850.87	\$2,835.35	\$	\$	(15.52)	-0.5%			
3000	\$4,269.13	\$4,237.72	\$	\$	(31.41)	-0.7%			
4000	\$5,687.38	\$5,640.08	\$	\$	(47.30)	-0.8%			
5000	\$7,105.64	\$7,042.45	\$	\$	(63.19)	-0.9%			

Month	Sales Therms	Bills at		Difference Amount	Difference Percent
		Present Rates	RY 1 Rates		
January	245	\$361.83	\$374.20	\$12.37	3.4%
February	208	309.35	322.32	12.96	4.2%
March	181	271.06	284.45	13.39	4.9%
April	114	176.04	190.49	14.46	8.2%
May	64	105.13	120.38	15.25	14.5%
June	33	59.96	69.21	9.26	15.4%
July	34	61.45	71.07	9.62	15.7%
August	34	61.45	71.07	9.62	15.7%
September	33	59.96	69.21	9.26	15.4%
October	93	146.26	161.05	14.79	10.1%
November	145	220.00	233.97	13.96	6.3%
December	214	317.86	330.73	12.87	4.0%
Annual Totals	1398	\$2,150.34	\$2,298.15	\$147.81	6.9%

KEYSPAN LI Case 06-G-1186

Bill Impacts - Monthly & Annual

SC.2A NON-RESIDENTIAL NON-HEATING SERVICE - RATE YEAR 1

Sales Therms	Bills at RY 1		Difference		Present Rates	RY 1 Rates	
	Present Rates	Amount	Amount	Percent			
0	\$9.00	\$13.98	\$ 4.98	55.3%	First 3 Therms	\$8.20	\$12.87
3	\$12.13	\$17.20	\$ 5.08	41.9%	Next 6 therms, per therm	\$1.0990	\$1.1140
6	\$18.87	\$24.06	\$ 5.18	27.5%	Next 81 therms, per therm	\$0.4680	\$0.3500
10	\$27.18	\$33.19	\$ 6.02	22.1%	Next 2,910 therms, per therm	\$0.3960	\$0.2500
25	\$50.52	\$67.46	\$ 16.94	33.5%	Excess 3,000 therms, per therm	\$0.3840	
50	\$89.43	\$124.57	\$ 35.14	39.3%			
100	\$166.45	\$230.50	\$ 64.04	38.5%	Gas Supply Chrg	\$0.9500	\$0.9514
200	\$314.18	\$375.95	\$ 61.77	19.7%	Merch Funct Chrg	\$0.0000	\$0.0377
300	\$461.91	\$521.41	\$ 59.50	12.9%	Transition Surch.	\$0.0000	\$0.0000
400	\$609.63	\$666.86	\$ 57.23	9.4%	GRT - Commodity	0.7557%	0.0000%
500	\$757.36	\$812.32	\$ 54.96	7.3%	GRT - Delivery	0.7557%	0.0000%
600	\$905.09	\$957.77	\$ 52.69	5.8%	MTA	0.280%	0.0000%
700	\$1,052.81	\$1,103.23	\$ 50.42	4.8%	Sales Tax	8.63%	8.63%
800	\$1,200.54	\$1,248.68	\$ 48.14	4.0%			
900	\$1,348.27	\$1,394.14	\$ 45.87	3.4%	Included in Gas Supply Chrg	\$ -	\$ 0.0124
1000	\$1,495.99	\$1,539.59	\$ 43.60	2.9%	Energy Efficiency Surch	\$ -	\$ 0.0110
1250	\$1,865.31	\$1,903.23	\$ 37.92	2.0%	Unitized GAC Credits	\$ -	\$ -
1500	\$2,234.63	\$2,266.87	\$ 32.25	1.4%			
1750	\$2,603.94	\$2,630.51	\$ 26.57	1.0%			
2000	\$2,973.26	\$2,994.15	\$ 20.89	0.7%			
3000	\$4,450.52	\$4,448.70	\$ (1.82)	0.0%			
4000	\$5,914.62	\$5,794.63	\$ (119.99)	-2.0%			
5000	\$7,378.72	\$7,140.56	\$ (238.16)	-3.2%			
6000	\$8,842.81	\$8,486.49	\$ (356.32)	-4.0%			
7000	\$10,306.91	\$9,832.42	\$ (474.49)	-4.6%			
10000	\$14,699.20	\$13,870.20	\$ (828.99)	-5.6%			

Month	Sales Therms	Bills at		Difference	
		Present Rates	Amount	Amount	Percent
January	1107	\$1,654.06	\$1,695.23	\$41.17	2.5%
February	972	1,454.63	1,498.67	44.24	3.0%
March	976	1,460.54	1,504.68	44.15	3.0%
April	820	1,230.08	1,277.77	47.69	3.9%
May	738	1,108.95	1,158.50	49.55	4.5%
June	654	984.86	1,036.32	51.46	5.2%
July	676	1,017.36	1,068.32	50.96	5.0%
August	676	1,017.36	1,068.32	50.96	5.0%
September	654	984.86	1,036.32	51.46	5.2%
October	796	1,194.63	1,242.87	48.24	4.0%
November	883	1,323.15	1,369.41	46.26	3.5%
December	1043	1,559.51	1,602.14	42.63	2.7%
Annual Totals	9995	\$14,989.99	\$15,558.75	\$568.76	3.8%

KEYSPAN LI Case 06-G-1186

Bill Impacts - Monthly & Annual

SC 28 NON-RESIDENTIAL HEATING SERVICE - RATE YEAR 1

Sales Therms	Bills at Present		Bills at RY 1		Difference		Present Rates	RY 1 Rates
	Rates	Amount	Rates	Amount	Amount	Percent		
0	\$9.00	\$13.98	\$	4.98	55.3%	\$8.20	First 3 Therms	\$12.87
3	\$12.13	\$17.20	\$	5.08	41.9%	\$1.0990	Next 87 therms, per therm	\$1.1140
6	\$18.87	\$24.06	\$	5.18	27.5%	\$0.4680	Next 2,910 therms, per therm	\$0.4000
10	\$27.18	\$33.19	\$	6.02	22.1%	\$0.3960	Excess 3,000 therms, per therm	\$0.3000
25	\$50.52	\$67.46	\$	16.94	33.5%			
50	\$89.43	\$124.57	\$	35.14	39.3%			
100	\$166.45	\$231.04	\$	64.59	38.8%			
200	\$314.18	\$381.83	\$	67.75	21.6%			
300	\$461.91	\$532.81	\$	70.91	15.4%			
400	\$609.63	\$683.70	\$	74.07	12.1%			
500	\$757.36	\$834.59	\$	77.23	10.2%			
600	\$905.09	\$985.47	\$	80.39	8.9%			
700	\$1,052.81	\$1,136.36	\$	83.55	7.9%			
800	\$1,200.54	\$1,287.25	\$	86.71	7.2%			
900	\$1,348.27	\$1,438.13	\$	89.87	6.7%			
1000	\$1,495.99	\$1,589.02	\$	93.03	6.2%			
1250	\$1,965.31	\$1,966.24	\$	100.93	5.4%			
1500	\$2,234.63	\$2,343.45	\$	108.83	4.9%			
1750	\$2,603.94	\$2,720.67	\$	116.73	4.5%			
2000	\$2,973.28	\$3,097.89	\$	124.63	4.2%			
3000	\$4,450.52	\$4,606.75	\$	156.23	3.5%			
4000	\$5,854.26	\$6,006.99	\$	152.74	2.6%			
5000	\$7,257.99	\$7,407.23	\$	149.24	2.1%			
6000	\$8,661.72	\$8,807.48	\$	145.75	1.7%			
7000	\$10,065.45	\$10,207.72	\$	142.26	1.4%			
10000	\$14,276.65	\$14,408.44	\$	131.79	0.9%			

		Bills at Present		Bills at RY 1		Difference	
		Rates	Amount	Rates	Amount	Amount	Percent
Gas Supply Chrg		\$0.9500					
Merch Funct Chrg		\$0.0000					
Transition Surch		\$0.0000					
GRT - Commodity		0.7557%					
GRT - Delivery		0.7557%					
MTA		0.280%					
Sales Tax		8.625%					
Included in Gas Supply Chrg							
Energy Efficiency Surch		\$ -					
Unutilized GAC Credits		\$ -					

Month	Sales Therms	Bills at Present		Bills at RY 1		Difference	
		Rates	Amount	Rates	Amount	Amount	Percent
January	1755	\$2,611.33	\$2,728.21	\$116.88	4.5%		
February	1488	2,216.90	2,325.35	108.45	4.9%		
March	1295	1,931.79	2,034.13	102.35	5.3%		
April	815	1,222.70	1,309.88	87.18	7.1%		
May	459	696.79	772.72	75.93	10.9%		
June	234	364.41	433.23	68.82	18.9%		
July	242	376.22	445.30	69.07	18.4%		
August	242	376.22	445.30	69.07	18.4%		
September	234	364.41	433.23	68.82	18.9%		
October	866	1,002.59	1,085.06	82.47	8.2%		
November	1039	1,553.61	1,647.88	94.26	6.1%		
December	1532	2,281.90	2,391.74	109.84	4.8%		
Annual Totals	10001	\$14,988.85	\$16,052.00	\$1,053.15	7.0%		

KEYSPAN LI Case 06-G-1186

Bill Impacts - Monthly & Annual

SC 3 MULTI-DWELLING SERVICE - RATE YEAR 1

Sales Therms	Bills at Present Rates	Bills at RY 1 Rates	Difference			Present Rates	RY 1 Rates
			Amount	Percent			
0	\$8.67	\$22.42	\$ 13.75	158.6%	First 3 Therms	\$8.20	\$21.87
3	\$11.62	\$25.46	\$ 13.84	119.1%	Next 997 therms, per therm	\$0.2930	\$0.4405
6	\$15.50	\$29.85	\$ 14.35	92.6%	Excess 1,000 therms, per therm	\$0.1720	\$0.2000
10	\$20.67	\$35.72	\$ 15.04	72.8%			
25	\$40.08	\$57.69	\$ 17.62	44.0%			
50	\$72.41	\$94.33	\$ 21.91	30.3%			
100	\$137.09	\$167.59	\$ 30.50	22.2%			
200	\$266.45	\$314.12	\$ 47.68	17.9%			
300	\$395.80	\$460.65	\$ 64.85	16.4%	Gas Supply Chrg	\$0.9500	\$0.9514
400	\$525.15	\$607.18	\$ 82.03	15.6%	Merch Funct Chrg	\$0.0000	\$0.0377
500	\$654.51	\$753.71	\$ 99.20	15.2%	Transition Surch.	\$0.0000	\$0.0000
600	\$783.86	\$900.24	\$ 116.38	14.8%	GRT - Commodity	0.7557%	0.0000%
700	\$913.21	\$1,046.77	\$ 133.56	14.6%	GRT - Delivery	2.8278%	0.0000%
800	\$1,042.57	\$1,193.30	\$ 150.73	14.5%	MTA	0.280%	0.000%
900	\$1,171.92	\$1,339.83	\$ 167.91	14.3%	Sales Tax	2.500%	2.500%
1000	\$1,301.28	\$1,486.36	\$ 185.09	14.2%			
1250	\$1,592.69	\$1,791.06	\$ 198.37	12.5%	Included in Gas Supply Chrg		
1500	\$1,884.10	\$2,095.75	\$ 211.65	11.2%	Energy Efficiency Surch	\$ -	\$ 0.0124
1750	\$2,175.51	\$2,400.45	\$ 224.94	10.3%	Unitized GAC Credits	\$ -	\$ 0.0110
2000	\$2,466.92	\$2,705.15	\$ 238.22	9.7%			
3000	\$3,632.57	\$3,923.93	\$ 291.36	8.0%			
4000	\$4,798.22	\$5,142.72	\$ 344.50	7.2%			
5000	\$5,963.87	\$6,361.51	\$ 397.64	6.7%			
6000	\$7,129.52	\$7,580.29	\$ 450.77	6.3%			
7000	\$8,295.17	\$8,799.08	\$ 503.91	6.1%			
10000	\$11,792.11	\$12,455.44	\$ 663.33	5.6%			

Month	Sales Therms	Bills at Present Rates	Bills at RY 1 Rates	Difference	
				Amount	Percent
January	2435	\$2,973.98	\$3,235.32	\$261.34	8.8%
February	2074	2,553.18	2,795.34	242.16	9.5%
March	1845	2,286.25	2,516.24	229.99	10.1%
April	1224	1,562.38	1,759.37	196.99	12.6%
May	773	1,007.64	1,153.74	146.10	14.5%
June	480	628.64	724.41	95.77	15.2%
July	496	649.33	747.85	98.52	15.2%
August	496	649.33	747.85	98.52	15.2%
September	480	628.64	724.41	95.77	15.2%
October	1038	1,345.57	1,532.68	187.10	13.9%
November	1511	1,896.92	2,109.16	212.24	11.2%
December	2148	2,639.44	2,885.53	246.09	9.3%
Annual Totals	15000	\$18,821.31	\$20,931.88	\$2,110.57	11.2%

KEYSPAN LI Case 06-G-1186

Bill Impacts - Monthly & Annual

SC16 YEAR ROUND SPACE CONDITIONING SERVICE - RATE YEAR 1

Sales Therms	Bills at Present		Difference		Present Rates	RY 1 Rates
	Rates	Amount	Amount	Percent		
0	\$21.95	\$61.17	\$	39.22	\$20.00	\$56.31
10	\$35.03	\$75.80	\$	40.77	\$0.3450	\$0.5117
100	\$162.94	\$222.52	\$	59.58	\$0.2950	\$0.2760
500	\$731.46	\$874.60	\$	143.14		
750	\$1,073.06	\$1,218.14	\$	145.08		
1000	\$1,414.67	\$1,561.69	\$	147.02		
2000	\$2,781.09	\$2,935.86	\$	154.77		
3000	\$4,147.50	\$4,310.03	\$	162.53		
4000	\$5,513.92	\$5,684.20	\$	170.28		
5000	\$6,880.34	\$7,058.37	\$	178.04		
6000	\$8,246.75	\$8,432.54	\$	185.79		
7000	\$9,613.17	\$9,806.71	\$	193.55		
8000	\$10,979.58	\$11,180.89	\$	201.30		
9000	\$12,346.00	\$12,555.06	\$	209.06		
10000	\$13,712.42	\$13,929.23	\$	216.81		
12500	\$17,128.46	\$17,364.66	\$	236.20		
15000	\$20,544.50	\$20,800.09	\$	255.59		
17500	\$23,960.54	\$24,235.51	\$	274.97		
20000	\$27,376.58	\$27,670.94	\$	294.36		
25000	\$34,208.66	\$34,541.80	\$	333.13		
30000	\$41,040.75	\$41,412.66	\$	371.91		

First 3 Therms
 Next 497 therms, per therm
 Excess 500 therms, per therm

 Gas Supply Chrg
 Merch Funct Chrg
 Transition Surch.
 GRT - Commodity
 GRT - Delivery
 MTA
 Sales Tax

Included in Gas Supply Chrg
 Energy Efficiency Surch
 Unitized GAC Credits

Month	Sales Therms	Bills at Present		Bills at RY 1		Difference	
		Rates	Amount	Rates	Amount	Amount	Percent
January	2973	\$4,110.61	\$4,272.93	\$4,272.93	\$162.32	\$162.32	3.9%
February	2685	3,717.08	3,877.16	3,877.16	160.08	160.08	4.3%
March	2973	4,110.61	4,272.93	4,272.93	162.32	162.32	3.9%
April	2877	3,979.43	4,141.00	4,141.00	161.57	161.57	4.1%
May	2873	4,110.61	4,272.93	4,272.93	162.32	162.32	3.9%
June	2877	3,979.43	4,141.00	4,141.00	161.57	161.57	4.1%
July	2973	4,110.61	4,272.93	4,272.93	162.32	162.32	3.9%
August	2973	4,110.61	4,272.93	4,272.93	162.32	162.32	3.9%
September	2973	4,110.61	4,272.93	4,272.93	162.32	162.32	3.9%
October	2877	3,979.43	4,141.00	4,141.00	161.57	161.57	4.1%
November	2877	3,979.43	4,141.00	4,141.00	161.57	161.57	4.1%
December	2973	4,110.61	4,272.93	4,272.93	162.32	162.32	3.9%
Annual Totals	35004	\$48,408.07	\$50,351.66	\$50,351.66	\$1,942.59	\$1,942.59	4.0%

APPENDIX D

LOW INCOME RATES

KEDNY

Class	Subclass	Minimum Charge Rate	Year One Low Income Rate	Difference	Annual \$\$/Customer	Projected Number of Customers	Total Cost
Resid 1A Non-Heat	1AR	\$11.5300	\$9.0300	\$2.5000	\$30.00	25,000	\$750,000.00
Resid 1B Heat	1BR	\$12.6300	\$3.1300	\$9.5000	\$114.00	35,000	\$3,990,000.00
Totals						60,000	\$4,740,000.00

Class	Subclass	Second Block Rate	Year One Low Income Rate Nov. - Apr. Only	Difference	Annual \$\$/Customer	Participant Annual Usage	Total Cost
Resid 1B Heat	1BR	\$0.5888	\$0.3242	\$0.2646	\$74.62	9,870,000	\$2,611,602.00

Class	Annual \$\$/Customer	Projected Number of Customers	Total Cost
Resid 1AR Non-Heat	\$30.00	25,000	\$750,000.00
Resid 1BR Heat	\$188.62	35,000	\$6,601,602.00
Totals		60,000	\$7,351,602.00

	YR 1	YR 2	YR 3	YR 4	YR 5
Resid 1A Non-Heat					
First 3 Therms	\$11.5300	\$12.2200	\$12.9000	\$13.5900	\$14.2700
Next 47 Therms	\$0.8610	\$0.7288	\$0.5990	\$0.4668	\$0.3369
Excess 50 Therms	\$0.3904	\$0.3428	\$0.2952	\$0.2476	\$0.2000
Resid 1AR Non-Heat					
First 3 Therms	\$9.0300	\$9.7200	\$10.4000	\$11.0900	\$11.7700
Next 47 Therms	\$0.8610	\$0.7288	\$0.5990	\$0.4668	\$0.3369
Excess 50 Therms	\$0.3904	\$0.3428	\$0.2952	\$0.2476	\$0.2000
Resid 1B Heat					
First 3 Therms	\$12.6300	\$13.7900	\$14.9500	\$16.1100	\$17.2700
Next 47 Therms	\$0.5888	\$0.5827	\$0.5766	\$0.5705	\$0.5644
Excess 50 Therms	\$0.3020	\$0.2890	\$0.2760	\$0.2630	\$0.2500

NOVEMBER THROUGH APRIL RATES:

Resid 1BR Heat					
First 3 Therms	\$3.1300	\$4.2900	\$5.4500	\$6.6100	\$7.7700
Next 47 Therms	\$0.3242	\$0.3181	\$0.3120	\$0.3059	\$0.2998
Excess 50 Therms	\$0.3020	\$0.2890	\$0.2760	\$0.2630	\$0.2500

MAY THROUGH OCTOBER RATES:

Resid 1BR Heat					
First 3 Therms	\$3.1300	\$4.2900	\$5.4500	\$6.6100	\$7.7700
Next 47 Therms	\$0.5888	\$0.5827	\$0.5766	\$0.5705	\$0.5644
Excess 50 Therms	\$0.3020	\$0.2890	\$0.2760	\$0.2630	\$0.2500

LOW INCOME RATES

KEDLI

Class	Subclass	Minimum Charge Rate	Year One Low Income Rate	Difference	Annual \$\$/Customer	Projected Number of Customers	Total Cost
Resid 1A Non-Heat	1AR	\$9.6700	\$7.1700	\$2.5000	\$30.00	9,000	\$270,000.00
Resid 1B Heat	1BR	\$10.2700	\$0.7700	\$9.5000	\$114.00	21,000	\$2,394,000.00
Totals						30,000	\$2,664,000.00

Class	Subclass	Second Block Rate	Year One Low Income Rate Nov. - Apr. Only	Difference	Annual \$\$/Customer	Participant Annual Usage	Total Cost
Resid 1B Heat	1BR	\$0.8205	\$0.4583	\$0.3622	\$102.14	5,922,000	\$2,144,948.40

Class	Annual \$\$/Customer	Projected Number of Customers	Total Cost
Resid 1AR Non-Heat	\$30.00	9,000	\$270,000.00
Resid 1BR Heat	\$216.14	21,000	\$4,538,948.40
Totals		30,000	\$4,808,948.40

	YR 1	YR 2	YR 3	YR 4	YR 5
Resid 1A Non-Heat					
First 3 Therms	\$9.6700	\$10.8300	\$11.9900	\$13.1500	\$14.3100
Next 47 Therms	\$1.0679	\$0.9590	\$0.8500	\$0.7410	\$0.6320
Excess 50 Therms	\$0.3691	\$0.3268	\$0.2846	\$0.2423	\$0.2000
Resid 1AR Non-Heat					
First 3 Therms	\$7.1700	\$8.3300	\$9.4900	\$10.6500	\$11.8100
Next 47 Therms	\$1.0679	\$0.9590	\$0.8500	\$0.7410	\$0.6320
Excess 50 Therms	\$0.3691	\$0.3268	\$0.2846	\$0.2423	\$0.2000
Resid 1B Heat					
First 3 Therms	\$10.2700	\$12.0300	\$13.7900	\$15.5500	\$17.3100
Next 47 Therms	\$0.8205	\$0.8339	\$0.8471	\$0.8605	\$0.8739
Excess 50 Therms	\$0.3791	\$0.3468	\$0.3146	\$0.2823	\$0.2500

NOVEMBER THROUGH APRIL RATES:

Resid 1BR Heat					
First 3 Therms	\$0.7700	\$2.5300	\$4.2900	\$6.0500	\$7.8100
Next 47 Therms	\$0.4583	\$0.4717	\$0.4849	\$0.4983	\$0.5117
Excess 50 Therms	\$0.3791	\$0.3468	\$0.3146	\$0.2823	\$0.2500

MAY THROUGH OCTOBER RATES:

Resid 1BR Heat					
First 3 Therms	\$0.7700	\$2.5300	\$4.2900	\$6.0500	\$7.8100
Next 47 Therms	\$0.8205	\$0.8339	\$0.8471	\$0.8605	\$0.8739
Excess 50 Therms	\$0.3791	\$0.3468	\$0.3146	\$0.2823	\$0.2500

APPENDIX E

KeySpan (KEDLI) Gas Depreciation - Average Service Lives & Net Salvage

<u>Acct</u>	<u>Description</u>	<u>ASL (Current)</u>	<u>Current Iowa Curve</u>	<u>Current Net Salvage</u>	<u>Current Rate</u>
305.00	Str. & Imp	30	S6.0	-10	3.667
311.00	LPG Equip	20	L0.0	-5	5.250
320.20	LPG Equip - Other	20	R3.0	-5	5.250
320.30	LPG Equip - Other Misc.	20	R3.0	-5	5.250
361.00	Str. & Imp	30	S5.0	-15	3.833
362.10	Gas Holders HP	35	SC	-10	3.143
362.20	Gas Holders LNG-HP	25	R2.0	-10	4.400
363.00	Purification Equip	25	S1.5	-10	4.400
363.10	Liquefaction Equip	25	S6.0	-10	4.400
363.20	Vaporization Equip	25	S1.5	-10	4.400
363.30	Compressor Equip	25	S1.5	-10	4.400
363.40	Measuring & Regs	25	S1.5	-10	4.400
363.50	Other Equip	25	S1.5	-10	4.400
	<u>Transmission Plant</u>				
365.20	Land Rights	100	S5.0	0	1.000
366.00	Str. & Imp	30	R3.0	-15	3.833
367.00	Steel	75	R5.0	-15	1.533
367.40	Cast Iron (no program)	50	R5.0	-15	2.300
368.00	Compressor Station Equip	28	R4.0	-10	3.929
369.00	M&R Equip	28	R1.0	-10	3.929
	<u>Distribution Plant</u>				
374.30	Land Rights	100	S5.0	0	1.000
375.00	Str. & Imp	30	L5.0	-15	3.833
376.00	Steel-Plastic-Cast Iron	75	R3.0	-20	1.600
376.40	Cast - Pre Oricle (No Program)	50	R1.0	-15	2.300
376.60	Plastic - Pre Oricle	75	R4.0	-20	1.600
377.00	Compressor Station Equip	28	R5.0	-10	3.929
378.00	M&R Sta Equip	28	S0.0	-10	3.929
380.00	Services All	52	S0.0	-10	2.115
381.00	Meters	35	L3.0	5	2.714
382.00	Meter Installs	52	L2.0	0	1.923
383.00	House Regs	35	R1.0	5	2.714
384.00	House Regs Install	52	R0.5	0	1.923
	<u>General Plant</u>				
390.00	Str. & Imp	35	R2.5	15	2.429
391.00	Furniture	26	SQ	0	3.846
391.10	Machines	16	SQ	0	6.250
391.40	EDP Equip other than laptops	8	SQ	0	12.500
391.70	Laptops	4	SQ	0	25.000
392.30	Service Vehicles	6	S3.0	0	16.667
392.40	Service Vehicles	6	S3.0	0	16.667
392.80	Compressors	12	L5.0	0	8.333
392.90	Transp. Equip non-office trailer	25	R3.0	5	3.800
394.00	Tools, Shop & Garage Equip	32	SQ	0	3.125
395.00	Lab Equip	36	SQ	0	2.778
397.00	Comm. Equip	17	SQ	0	5.882
398.00	Misc. Equip	26	SQ	0	3.846

KeySpan (KEDNY) Gas Depreciation - Average Service Lives & Net Salvage

<u>Acct</u>	<u>Description</u>	<u>ASL</u>	<u>H-Curve</u>	<u>Net Salvage</u>	<u>Accrual Rate</u>
361.01	Str. & Imp	55	H0.5	-51	2.745
362.01	Gas Holders HP	47	H3.5	-51	3.213
363.01	Purification Equip	47	H1.0	-51	3.213
363.11	Liquefaction Equip	45	H2.0	-51	3.356
363.21	Vaporization Equip	47	H2.5	-51	3.213
363.31	Compressor Equip	47	H2.0	-51	3.213
363.41	Measuring & Regs	40	H0.5	-51	3.775
363.51	Other Equip	40	H0.5	-51	3.775
<u>Transmission Plant</u>					
365.20	Land Rights	100	SQ	0	1.000
366.01	Str. & Imp	55	H0.5	-25	2.273
367.01	Steel	75	H3.0	-65	2.200
367.05	Steel - post 1991	80	H3.0	-65	2.063
367.04	Plastic	75	H3.0	-65	2.200
367.06	Plastic - post 1991	80	H3.0	-30	1.625
369.01	M&R Equip	45	H1.5	0	2.222
<u>Distribution Plant</u>					
374.02	Land Rights	100	SQ	0	1.000
375.01	Str. & Imp	55	H0.5	-25	2.273
376.01	Steel	75	H3.0	-10	1.467
376.05	Steel - post 1991	80	H3.0	-50	1.875
376.03	Plastic	75	H3.0	-20	1.600
376.06	Plastic - post 1991	75	H3.0	-20	1.600
378.01	M&R Sta Equip	50	H1.5	-30	2.600
380.00	Services All	47	H2.0	-65	3.511
380.01	Services - Steel	37.5	H2.0	-65	4.400
380.04	Services - Steel, post 1991	37.5	H2.0	-65	4.400
380.02	Services - Copper	50	H2.0	-65	3.300
380.05	Services - Copper, post 1991	40	H2.0	-65	4.125
380.03	Services - Plastic	50	H2.0	-65	3.300
380.06	Services - Plastic, post 1991	50	H2.0	-65	3.300
381.01	Meters	37	H3.5	0	2.703
381.02	Meter Correctors	25	H3.0	0	4.000
382.01	Meter Installs	40	H2.0	0	2.500
383.01	House Regs	40	H3.0	0	2.500
384.01	House Regs Install	40	H2.0	0	2.500
385.01	Ind. M&R Equip	40	H2.5	0	2.500
386.02	Other Property on Cust. Premises	20	H2.0	0	5.000

KeySpan (KEDNY) Gas Depreciation - Average Service Lives & Net Salvage

<u>Acct</u>	<u>Description</u>	<u>ASL</u>	<u>H-Curve</u>	<u>Net Salvage</u>	<u>Accrual Rate</u>
	<u>General Plant</u>				
390.01	Str. & Imp - office	55	SQ	0	1.818
390.03	Str. & Imp - other	45	SQ	0	2.222
391.01	EDP	9	SQ	0	11.111
391.02	Random Access	9	SQ	0	11.111
391.03	PCs	5	SQ	15	17.000
391.04	Office Machines	17	SQ	0	5.882
391.05	Other Metro	20	SQ	0	5.000
391.06	Handheld	6	SQ	0	16.667
391.09	Other	25	SQ	0	4.000
	<u>Transportation Equip</u>				
392.01	Sedans	6	H3.0	5	15.833
392.02	Lt. Trucks	7	H3.0	5	13.571
392.03	Trucks	12	H2.5	2	8.167
393.01	Stores Equip	32	H2.0	0	3.125
394.01	Tools	25	H0.5	0	4.000
394.02	Garage Equip	35	H1.0	0	2.857
394.03	CNG Garage Equip	20	H2.0	0	5.000
394.04	Shop Equip	40	H2.0	0	2.500
395.01	Lab Equip	30	H2.0	0	3.333
396.01	CPR	13	H3.0	5	7.308
396.02	VMS	13	H2.5	5	7.308
397.01	Comm. Equip	20	H2.0	0	5.000
398.00	Misc. Equip	35	H2.5	0	2.857

APPENDIX F

NY

Case 06 - _ - ____
 KEDNY
 Exhibit No. ____ (RGL-4)

KEDNY Unbundled Billing and Payment Processing Rate

COSTS:	Total	Per Account per Month
Direct Costs		
Print & Mail Bills	\$ 2,535	\$ 0.18
Call Center	\$ 2,647	\$ 0.19
Remittance	\$ 1,286	\$ 0.09
Total Direct Costs	\$ 6,468	\$ 0.46
Allocated Loadings	\$ 3,581	\$ 0.26
Return on Rate Base	\$ 582	\$ 0.04
Total Revenue Requirement	\$ 10,631	\$ 0.76

LI

Case 06
KEDLI
Exhibit No.__(RGL-4)

KEDLI Unbundled Billing and Payment Processing Rate

COSTS:	Total	Per Account per Month
Direct Costs		
Print & Mail Bills	\$ 2,045	\$ 0.33
Call Center	\$ 353	\$ 0.06
Remittance	\$ 441	\$ 0.07
Total Direct Costs	\$ 2,839	\$ 0.45
Allocated Loadings	\$ 1,077	\$ 0.17
Return on Rate Base	\$ 160	\$ 0.03
Total Revenue Requirement	\$ 4,076	\$ 0.65

APPENDIX G

Merchant Function Charge
GAC/TAC

KEDNY	2008 \$/dt	2009 \$/dt	2010 \$/dt	2011 \$/dt	2012 \$/dt
Uncollectibles	\$ 0.185	\$ 0.183	\$ 0.179	\$ 0.176	\$ 0.171
Return on Working Capital	\$ 0.068	\$ 0.067	\$ 0.066	\$ 0.064	\$ 0.063
Return on Gas in Storage	\$ 0.177	\$ 0.176	\$ 0.173	\$ 0.171	\$ 0.168
Collection Costs	\$ 0.125	\$ 0.127	\$ 0.127	\$ 0.127	\$ 0.126
Gas Procure./Sales Prom	\$ 0.012	\$ 0.012	\$ 0.013	\$ 0.013	\$ 0.012
total (\$/dt)	\$ 0.567	\$ 0.565	\$ 0.558	\$ 0.551	\$ 0.540

KEDLI	2008 \$/dt	2009 \$/dt	2010 \$/dt	2011 \$/dt	2012 \$/dt
Uncollectibles	\$ 0.084	\$ 0.083	\$ 0.081	\$ 0.079	\$ 0.077
Return on Working Capital	\$ 0.058	\$ 0.057	\$ 0.056	\$ 0.054	\$ 0.053
Return on Gas in Storage	\$ 0.177	\$ 0.175	\$ 0.172	\$ 0.169	\$ 0.165
Collection Costs	\$ 0.039	\$ 0.039	\$ 0.039	\$ 0.039	\$ 0.039
Gas Procure./Sales Prom	\$ 0.019	\$ 0.019	\$ 0.019	\$ 0.019	\$ 0.019
total (\$/dt)	\$ 0.377	\$ 0.374	\$ 0.367	\$ 0.361	\$ 0.352

Notes

1. Uncollectibles subject to true-up to fixed factor (see Appendix GAS) times total actual gas costs.
2. Return on Working Capital subject to true-up to fixed factors (see Appendix GAS) times total actual gas costs. Rates shown above are based on monthly billing. Rates based on bi-monthly billing will be in effect until monthly billing is implemented.
3. Return on Gas in Storage subject to true-up to fixed factor (see Appendix GAS) times the actual average storage balance.
4. Collection Costs subject to true-up based on actual sales.
5. Gas Procurement/Sales Promotion costs subject to true-up based on actual sales.
6. All items to be included in the GAC; Return on Gas in Storage to be included in the TAC.
7. Uncollectibles and the Return on Working Capital are based on total gas costs and the Return on Storage is based on average storage balances filed in the updated exhibits filed on January 10, 2007 in Cases 06-G-1185 and 06-G-1186.

APPENDIX H

Part 1 - KEDNY



* 200538960000300758088

**C 002

JOHN SMITH
123 MAIN ST
STATEN ISLAND, NY 10314

12345-12345
[Account Number]

Please Pay
Upon Receipt
126.46

Service To JOHN SMITH 123 MAIN ST STATEN ISLAND, NY 10314	Account Number 12345-12345	Next Meter Reading Jan 05 '07	Bill Date Nov 02 '06
2HH	Rate 1B Res. Heating	For Customer Assistance Please call (718) 643-4050	

CURRENT BILL ITEMIZED
In 57 days you used 88 therms:

Nov 02 2006 reading CUSTOMER 1146
Sep 06 2006 reading CUSTOMER 1060
CCF Used for METER # 000000000 86

Thermal Factor x1.0278
Total therms used 88

Your Cost is determined as follows:

GAS DELIVERY CHARGE
Minimum Charge \$20.87
(First 5.7 therms or less)
Next 22.8 @ \$.6329/therm 14.43
Next 59.5 @ \$.4718/therm 28.07
System Benefits Charge @ \$.0168/therm 1.48
MTA Surcharge - Delivery @ \$.00185 0.12
Delivery Subtotal \$64.97

GAS SUPPLY CHARGE
@ \$.63380/therm \$55.77
MTA Surcharge - Supply @ \$.00185 0.10
Sales Tax @ 4% 2.23
Supply Subtotal \$58.10

Sales Tax on Gas Delivery @ 4% \$2.60

Billing Charge (Incl. Surcharges & Sales Tax) \$0.78

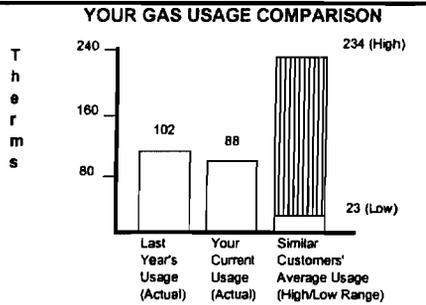
TOTAL CURRENT CHARGES \$126.45

SUMMARY OF CHARGES

Total Current Gas Charges \$126.45
Amount Due Last Bill 123.77
Your Total Payments Since
Last Bill. Thank You! -123.77

Please Pay Upon Receipt \$126.45

If payment received after 11/25/2006
a late payment charge of \$1.90
(1.5% of outstanding charges) may be added.



During this period:
The average temperature was 61 F. Last year it was 65 F.

IMPORTANT MESSAGES

Looking for ways to save? Shop for your natural gas supply, and you may save on sales taxes, the billing charge, and the price of Gas Supply. Visit <http://naturalchoice.keyspanenergy.com> and learn how natural gas competition can help you.

Billing or Service Question?

Please follow these steps when you contact us;

- Call (718) 643-4050 or visit a KeySpan Energy Delivery Customer Service Center. Call us first! Most questions can be answered by telephone. If you prefer to write, include a note with your payment and mail it to: KeySpan Energy Delivery, Attention: Customer Correspondence, 89-67 162ND Street, Jamaica, New York 11432-5071.
- Please ask to speak to a Supervisor if you need additional help.
- Still not satisfied? Ask our Supervisor to contact our **Consumer Appeals Bureau** to review your inquiry and promptly discuss it with you.

Customer Service Centers

- | | |
|---|---|
| Brooklyn | Queens |
| • One MetroTech Center
(Jay St. near Willoughby St.) | • 89-67 162nd Street |
| • 1535 Pitkin Avenue | Staten Island |
| | • 2031 Forest Avenue
(Corner Maple Pkwy) |

Customer Service Centers are open weekdays from 8:30 a.m. to 5:00 p.m.

Visit KeySpan Online

Check your latest account status, view and pay your bill, or provide a meter reading, 24 hours a day, 7 days a week at www.keyspanenergy.com.

Special Customer Services

DirectPay Service

Have your bill payment transferred automatically from your checking or savings account. Call (718) 643-4050

Hearing or Speech-Impaired Customers

TTY/TTD Teletype Line: (718) 237-2857

Services for Sight-Impaired Customers

Braille bills and large print bills are available.

Senior Citizen/Disabled Customer Programs

Financial Assistance Programs

Call (718) 403-2171

Important Addresses

Our payment address is: KeySpan Energy Delivery P.O. Box 020690 Brooklyn, NY 11201-9965	When writing, send letters to: KeySpan Energy Delivery Attn: Customer Correspondence 89-67 162ND Street Jamaica, NY 11432-5071
--	--

Billing Rate Schedules

Your billing rate is shown on the front. A complete rate schedule is available upon request.

Statement of Account

A comprehensive statement of your account showing your past usage and bills is available upon request.

Bill Payment

For greater convenience, pay your bill online, anytime, at www.keyspanenergy.com.

Paying your bill by mail is also convenient using the postage-free envelope enclosed.

Payment Address: KeySpan Energy Delivery, P.O. Box 020690 Brooklyn, New York 11202-9965.

Bills may be paid at any KeySpan Energy Delivery Customer Service Center on weekdays from 8:30 a.m. to 5:00 p.m. or at Authorized Payment Locations throughout Brooklyn, Queens, and Staten Island. A listing of these locations is available upon request.

Notice About Electronic Check Conversion

When you mail a check as payment, you authorize us to use information from your check to withdraw funds from your account either as a one-time electronic fund transfer (EFT) or as a check transaction. When we process an EFT, funds may be withdrawn from your account as soon as the same day we receive your payment and your financial institution will not return the check to you.

Understanding Terms On Your Bill

Therm: A unit to measure the heat content of the gas you receive; a measure of **quality**. One therm will heat approximately 160 gallons of your tap water to 130 degrees Fahrenheit.

CCF: 100 cubic feet of gas; a measure of **quantity**. The difference between your current meter reading and the last one is shown in CCF.

Thermal Factor: The factor that converts the **quantity** of gas used (CCF) to a **quality** measurement (Therms).

Gas Delivery Charge: This charge includes KeySpan's costs of providing our local pipeline distribution system and equipment maintenance services, gas safety service, meter reading and billing costs, as well as other customer services. It also includes State and City **Gross Receipts Tax** (5.374% Residential; 3.199% Commercial). The **Minimum Charge** covers our fixed costs of providing service to you, whether or not you've used gas during the billing period.

NOTE: The **Minimum Charge**, set on either a 30 day or 60 day basis (depending on your service classification), may vary from bill to bill if the billing period covers more or less days.

Gas Supply Charge: This charge represents the actual cost of gas purchased by KeySpan from suppliers and delivered to our service area. For customers whose usage varies seasonally, this line may include weather credits and/or charges for gas used during the months of October through May. Gross Receipts Tax (3.199%) is included.

Surcharges: State imposed taxes on utilities to maintain mass transit fares.

System Benefits Charge: This charge recovers the cost of energy efficiency programs.

Billing Charge: Reflects the itemized portion of the **Minimum Charge** related to issuing bills and processing payments.

APPENDIX H

Part 2 - KEDLI

www.keyspanenergy.com

24 Hours/Day - 7 Days/Week

Customer Access Code
D12345

Emergency Gas Service
1-800-490-0045
24 Hours/Day - 7 Days/Week

Billing/ General Inquiries
1-800-930-5003
outside toll free area
631-755-6200
Monday - Friday, 8 AM - 8 PM

Para Espanol
1-800-930-5003

Hearing or Speech-Impaired
1-631-755-6660

Convert to Natural Gas
1-800-GAS-2001

SERVICE TO:

John Doe
123 Main St
Anytown NY 11111

KEYSPAN

Energy Delivery

175 E. Old Country Road, Hicksville, NY 11801

<u>Bill Date</u>	<u>Customer ID</u>	<u>Next Meter Reading</u>	<u>Amount Due</u>
1/4/2007	1111-1111-11-1	On or about 03/02/2007	\$ 224.06

BILLING SUMMARY

Balance From Previous Bill	\$200.92
Payment(s) Received Through 12/29/2006 - Thank You!	-200.93
KeySpan Energy Delivery Current Charges	224.06
Please Pay by 01-27-07	\$224.06

A 1.5% late payment charge may be applied to outstanding charges if payment is not received by JAN 27

**** SEE BACK OF BILL FOR DETAILS OF CURRENT CHARGES ****

IMPORTANT MESSAGES

Your **Excellent Credit Rating** is appreciated. This is our opportunity to say thank you.

Looking for ways to save? Shop for your natural gas supply, and you may save on sales taxes, the billing charge, and the price of Gas Supply. Visit <http://naturalchoice.keyspanenergy.com> and learn how natural gas competition can help you.

KeySpan Energy Delivery - Rate 140 - Gas Delivery & Supply, Residential, Home Heating

NATURAL GAS USAGE	Meter # 000000
01/02/2007 ACTUAL reading	7932
12/01/2006 ESTIMATED reading	-7813
CCF used	119
Therm Factor	x 1.0300
Therms used in 32 day(s)	123

GAS DELIVERY COST

Basic Service: 32 day(s) @ \$.2369	\$7.58
First 3.0 Therms in Basic Service	
Next 6.0 Therms @ \$.9983	5.99
Next 44.0 Therms @ \$.4523	19.90
Next 70.0 Therms @ \$.3894	27.26
WNA: 123 Therms @ \$.095843	11.79
SBC: 123 Therms @ \$0.0124	1.53
NY State & Local Surcharges @ \$.05636	4.17
Delivery Subtotal	78.22

GAS SUPPLY COST

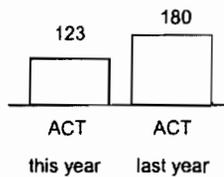
Supply: 123 Therms @ \$1.050325	129.19
NY State & Local Surcharges @ \$.05636	7.28
Sales Tax @ 4%	5.46
Supply Subtotal	141.93

Sales Tax on Gas Delivery Cost @ 4% 3.13

Billing Charge (Incl. Surcharges & Sales Tax) 0.78

Total Gas Delivery & Supply Charges \$224.06

THERM USAGE



average temp.
44° F this year
35° F last year

ADDITIONAL INFORMATION FROM YOUR UTILITY

Basic Service - Includes the fixed cost for meter reading, billing, and maintaining lines and meters. Total varies based on the number of days in the billing period. The Billing Charge reflects the itemized portion of Basic Service related to issuing bills and processing payment (which portion may be avoided if you obtain supply service from a provider other than the utility).

CCF - 100 cubic feet - Gas quantity

Therm - Measures heat content. Gas quality.

Therm Factor - Used to convert CCF to Therms.

Meter Multiplier - Converts recorded use to total use on meters that are designed to only record partial use.

PCA - Pipeline Cost Adjustment. Reflects fluctuations in the cost to store and transport natural gas.

WNA - Weather Normalization Adjustment. Rates for gas heating decrease if temperatures are below normal and increase if above normal, from Oct 1 to May 31.

Delivery Cost - The cost to deliver gas.

Supply Cost - The cost of gas.

SBC - System Benefits Charge - This charge recovers the cost of energy efficiency programs.

Payments are accepted at any customer office or authorized payment location.

Payments may be mailed to: KeySpan Energy Delivery, PO Box 9037, Hicksville NY 11802-9037. Please write your Customer ID on the face of your check and make payable to KeySpan Energy Delivery.

Notice About Electronic Check Conversion

When you mail a check as payment, you authorize us to use information from your check to withdraw funds from your account either as a one-time electronic fund transfer (EFT) or as a check transaction. When we process an EFT, funds may be withdrawn from your account as soon as the same day we receive your payment and your financial institution will not return the check to you.