

Exhibit E: KeySpan Energy Delivery - NH DSM/MT Program Year One: Shareholder Incentive Calculation - August 26, 2004

Program	Actual Expenditures for Program Year ¹	Original Design Goal for Year ²	Projected Lifetime Therm Savings November 2002	Actual Lifetime Therm Savings	Actual TRC/Projected TRC	Projected TRC	Actual TRC	Actual TRC/Projected TRC	Lifetime Savings Incentive	Cost Effectiveness Incentive	Actual After Tax Design Incentive
Residential											
Low Income	\$180,362	129 Participants	373,584	141,180	0.378	0.66	0.46	0.70	\$0	\$0	\$0
Residential High Efficiency Heating	\$216,165	850 Rebates	2,845,800	1,528,512	0.537	4.28	2.89	0.68	\$0	\$5,838	\$5,838
Residential Conservation Services	\$62,576	350 Audits	0	0	NA	0.00	0.00	NA	\$0	\$0	\$0
Energy Star Windows	\$32,573	154 Rebates	571,340	382,130	0.669	3.21	3.74	1.17	\$871	\$1,519	\$2,391
Residential Weatherization	\$12,273	62 Rebates	310,000	60,000	0.194	1.85	1.51	0.82	\$0	\$401	\$401
Energy Analysis: Internet Audit Guide	\$36,088	618 Web Site Hits	0	0	NA	NA	NA	NA	\$0	\$0	\$0
Energy Star Thermostats	\$21,237	308 Participants	135,520	82,280	0.607	2.51	2.01	0.80	\$0	\$680	\$680
Residential High Efficiency Water Heating	\$17,949	173 Rebates	160,720	67,162	0.418	1.18	1.43	1.21	\$0	\$868	\$868
Energy Star Homes	\$2,695	37 Participants	156,788	25,425	0.162	1.81	3.35	1.85	\$0	\$199	\$199
Total	\$581,918		4,553,752	2,288,689	0.502	2.02	1.66	0.82			
Multifamily and C&I											
Commercial Energy Efficiency Program	\$195,149	62 Rebates	1,906,500	2,644,500	1.387	2.10	2.88	1.37	\$10,828	\$10,705	\$21,533
Economic Redevelopment	\$59,030	2 Projects	984,000	492,000	0.500	3.59	3.35	0.93	\$0	\$2,203	\$2,203
Commercial High Efficiency Heating	\$91,354	49 Rebates	775,030	355,780	0.459	3.14	0.83	0.26	\$0	\$0	\$0
Trade Ally Education and Codes/Standards	\$1,693	167 Participants	0	0	NA	N/A			\$0	\$0	\$0
Total	\$347,226		3,665,530	3,492,260	0.953	2.39	2.26	0.95	\$11,699	\$22,414	
Total⁵	\$929,144										\$34,113
											3.67%

Notes:

This shareholder incentive calculation is based on the NH PUC Order 24,109 of December 31, 2002.

Threshold: KeySpan must achieve a minimum "threshold" performance before being eligible to earn an incentive

For the cost-effectiveness component, KeySpan must achieve an actual year-end TRC of 1.0 before any incentive can be earned

For the energy savings component, KeySpan must achieve a minimum of 65% of projected lifetime therm savings before any incentive can be earned

Once the threshold is achieved, the earned incentive will be on a sliding scale from 0% to 12%

Assumptions:

Design Target Incentive = 8%

Incentive Calculation Formula: $Incentive_{RES} = Expenditures_{RES} \times \{ [4\% \times (TRC_{Actual} / TRC_{Projected})] + [4\% \times Lifetime\ Therm\ Savings_{Actual} / Lifetime\ Therm\ Savings_{Projected}] \}$

Plus

$Incentive_{C&I} = Expenditures_{C&I} \times \{ [4\% \times (TRC_{Actual} / TRC_{Projected})] + [4\% \times Lifetime\ Therm\ Savings_{Actual} / Lifetime\ Therm\ Savings_{Projected}] \}$

¹See Settlement Agreement in New Hampshire PUC Docket DG 106, Exhibit G, Sheet 6, November 2002. GDS staff checked to be sure that the numbers in this Exhibit in this column match the November 2002 Exhibit G. The name of the Excel file for the November 2002 Exhibit G is "KeySpan Revised Settlement Template.xls"

²From the updated Exhibit G - August 24, 2004.

³See Settlement Agreement in New Hampshire PUC Docket DG-106.

⁴From the updated Exhibit G - August 24, 2004.

⁵GDS staff checked these total expenditures shown here on Exhibit E to ensure that they match the total expenditures in Exhibit G (August 24, 2004).

In the Commission approved Settlement Agreement that is part of Order 24,109, the Settling Parties and Staff agree to adopt the simplified Staff template of November 2002 ("Staff Template") attached to the Settlement Agreement as Exhibit G. This template shall be used only for purposes of establishing a benchmark for the Gas Utilities' incentive sharing mechanism described in Section II(H) of the Settlement Agreement. The Staff Template allows for an evaluation of the Programs on a year-by-year basis.