

National Grid Acquisition Integration Costs
Change in Deferral Balances - Summary

	Total
1 NE Gas Acquisition- Beginning Balance	36,761
2 NE Gas Costs to Achieve	96,607
3 NE Gas Amortization	(134,664)
4 Interest Accrued	2,112
5 NE Gas Acquisition-Ending Balance	<u>817</u>
6 Keyspan Acquisition - Beginning Balance	708,721
7 Keyspan Costs to Achieve	1,123,387
8 Keyspan Amortization	(435,404)
9 Interest Accrued	125,378
10 Keyspan Acquisition--Ending Balance	<u>1,522,082</u>
11 Total	<u><u>1,522,899</u></u>

Line Notes:

1-5 Page 2

6-10 Page 4

11 Sum (Line 5 + Line 10)

National Grid Acquisition Integration Costs
Change in Deferral Balances - NE Gas Acquisition

	2007	2008	2009
1 NE Gas Acquisition- Beginning Balance	-	26,577	10,185
2 NE Gas Costs to Achieve	69,971	26,430	207
3 NE Gas Amortization	(44,888)	(44,888)	(44,888)
4 Interest Accrued	1,494	2,066	(1,448)
5 NE Gas Acquisition-Ending Balance	26,577	10,185	(35,945)

Line Notes:

- 1 Prior year, Line 5
- 2 Page 3, Line 36
- 3 Docket No. DG 06-107, Settlement Agreement Order No. 24,777, Exhibit GSE-2, Line 3
- 4 $[\text{Line 1} + (\text{Line 2} + \text{Line 3})/2] * 11.91\%$ (per Exhibit GSE-2, line 20)
- 5 Sum (Lines 1 through 4)

**National Grid Acquisition Integration Costs
Costs to Achieve Actuals - NE Gas Acquisition**

Component	2006	2007	2008	2009	Total	
Personnel costs						
1 (1) VERO Programs (management)	-	-	2,961,325		2,961,325	
2 (2) Voluntary Severance (management)	1,800,000	1,135,245	259,828		3,195,073	
3 (3) Retention agreements	32,000	177,167	4,000	(4,000)	209,167	
4 (4) Relocations	-	-	-	-	-	
5 (5) Executive severance and Options	891,750	-	-	-	891,750	
6						
7						
	Sub-total	2,723,750	1,312,411	3,225,153	(4,000)	7,257,315
8 IT Integration costs						
9						
10 (1) Applications consolidation	-	-	-	-	-	
11 (2) Data center and network consolidation	37,208	497,866	178,001	12,956	726,031	
12						
13						
	Sub-total	37,208	497,866	178,001	12,956	726,031
14 Other Integration costs						
15						
16 (1) CTA merger savings identified by Integration Team	899,942	176,837	5,000	17,684	1,099,463	
17 (2) Insurance run-offs (NEG)	-	-	-	-	-	
18						
19						
	Sub-total	899,942	176,837	5,000	17,684	1,099,463
20 Transaction costs						
21						
22 (1) Bankers fees and expenses	3,004,005	-	-	-	3,004,005	
23 (2) Legal fees and expenses	891,799	78,043	4	(4)	969,842	
24 (3) Accounting and audit fees	109,780	-	-	-	109,780	
25 (4) Other Professional services	18,930	11,854	-	-	30,784	
26 (5) Transfer Tax	152,160	-	-	-	152,160	
27						
28						
	Sub-total	4,176,674	89,897	4	(4)	4,266,571
29						
30						
	Total	7,837,574	2,077,011	3,408,159	26,636	13,349,380
31						
32 Remove Executive Severance	891,750	-	-	-	891,750	
33						
34 Total Costs to Achieve	6,945,824	2,077,011	3,408,159	26,636	12,457,630	
35 Synergy Savings Allocation % - Granite State	0.78%	0.78%	0.78%	0.78%	0.78%	
36 NE Gas Cost to Achieve	53,864	16,107	26,430	207	96,607	

Line Notes:

1-34 Calendar years 2006-2009 General Ledger actuals.

35 Total A&G expenses for the respective company divided by Total A&G expenses. 2003 FERC Form 1 Account 901-935 (excluding 904).

36 Line 34 * Line 35

National Grid Acquisition Integration Costs
Change in Deferral Balances - KeySpan Acquisition

	2008	2009
1 Keyspan Acquisition - Beginning Balance	-	708,721
2 Keyspan Costs to Achieve	886,591	236,796
3 Keyspan Amortization	(217,702)	(217,702)
4 Interest Accrued	39,832	85,546
5 Keyspan Acquisition--Ending Balance	708,721	813,361

Line Notes:

- 1 Prior year, Line 5
- 2 Page 5, Line 36
- 3 Docket No. DG 06-107, Settlement Agreement Order No. 24,777, Exhibit EN-2, Line 7
- 4 $[\text{Line 1} + (\text{Line 2} + \text{Line 3})/2] * 11.91\%$ (per Exhibit GSE-2, line 20)
- 5 Sum (Lines 1 through 4)

**National Grid Acquisition Integration Costs
Costs to Achieve Actuals - KeySpan Acquisition**

Component	2007	2008	2009	Total
Personnel costs				
1 (1) VERO Programs (management)	32,325,171	59,146,628	56,034,864	147,506,663
2 (2) Voluntary Severance (management)	346,483		3,682,274	4,028,757
3 (3) Retention agreements	2,279,322	3,033,846	(1,615,815)	3,697,353
4 (4) Relocations	193,635		-	193,635
5 (5) Executive severance and Options	-	128,505,490	-	128,505,490
6				
7	Sub-total	35,144,611	190,685,964	58,101,323
8 IT Integration costs				
9				
10 (1) Applications consolidation	-	-	-	-
11 (2) Data center and network consolidation	776,273	1,159,245	1,475,127	3,410,645
12				
13	Sub-total	776,273	1,159,245	1,475,127
14 Other Integration costs				
15				
16 (1) CTA merger savings identified by Integration Team	22,568,848	15,212,529	(1,638,745)	36,142,632
17 (2) Insurance run-offs (Keyspan)		7,258,150	(1,883,750)	5,374,400
18				
19	Sub-total	22,568,848	22,470,679	(3,522,495)
20 Transaction costs				
21				
22 (1) Bankers fees and expenses	13,025,222	12,122,471		25,147,693
23 (2) Legal fees and expenses	3,032,917	1,972,900		5,005,817
24 (3) Accounting and audit fees	4,701,754	1,044,068		5,745,822
25 (4) Other Professional services	8,447,835	3,562,324		12,010,159
26 (5) Transfer Tax		17,662,640		17,662,640
27				
28	Sub-total	29,207,729	36,364,402	-
29				
30	Total	87,697,461	250,680,290	56,053,955
31				
32 Remove Executive Severance	-	128,505,490	-	128,505,490
33				
34 Total Costs to Achieve	87,697,461	122,174,800	56,053,955	265,926,216
35 Synergy Savings Allocation % - Granite State	0.42%	0.42%	0.42%	0.42%
36 NE Gas Cost to Achieve	370,472	516,119	236,796	1,123,387

Line Notes:

1-34 Calendar years 2006-2009 General Ledger actuals.

35 Per Joint Petition dated August 2006, Schedule JGC-1, Page 3 of 4, an additional \$136 million was added to LIPA.

36 Line 34 * Line 35

National Grid Acquisition Integration Costs
Change in Deferral Balances - Keyspan Acquisition

	Total
1 Keyspan Acquisition - Beginning Balance	1,639,857
2 Keyspan Costs to Achieve	2,139,400
3 Keyspan Amortization	(553,304)
4 Interest Accrued	300,950
5 Keyspan Acquisition--Ending Balance	<u>3,526,903</u>

Line Notes:

- 1 Prior year, Line 5
- 2 Page 2, Line 36
- 3 Docket No. DG 06-107, Settlement Agreement Order No. 24,777, Temporary Rate dated August 24, 2008 Exhibit EN-2, Line 3, Annual amortization $\$409,203/12=\$34,100$
- 4 $[\text{Line 1} + (\text{Line 2} + \text{Line 3})/2] * 12.37\%$ (per Exhibit EN-2)
- 5 Sum (Lines 1 through 4)

**National Grid Acquisition Integration Costs
Costs to Achieve Actuals - KeySpan Acquisition**

Component	2007	2008	2009	Total
Personnel costs				
1 (1) VERO Programs (management)	32,325,171	59,146,628	56,034,864	147,506,663
2 (2) Voluntary Severance (management)	346,483		3,682,274	4,028,757
3 (3) Retention agreements	2,279,322	3,033,846	(1,615,815)	3,697,353
4 (4) Relocations	193,635		-	193,635
5 (5) Executive severance and Options	-	128,505,490	-	128,505,490
6				
7	Sub-total	35,144,611	190,685,964	58,101,323
8 IT Integration costs				
9				
10 (1) Applications consolidation	-	-	-	-
11 (2) Data center and network consolidation	776,273	1,159,245	1,475,127	3,410,645
12				
13	Sub-total	776,273	1,159,245	1,475,127
14 Other Integration costs				
15				
16 (1) CTA merger savings identified by Integration Team	22,568,848	15,212,529	(1,638,745)	36,142,632
17 (2) Insurance run-offs (Keyspan)		7,258,150	(1,883,750)	5,374,400
18				
19	Sub-total	22,568,848	22,470,679	(3,522,495)
20 Transaction costs				
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22 (1) Bankers fees and expenses	13,025,222	12,122,471		25,147,693
23 (2) Legal fees and expenses	3,032,917	1,972,900		5,005,817
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25 (4) Other Professional services	8,447,835	3,562,324		12,010,159
26 (5) Transfer Tax		17,662,640		17,662,640
27				
28	Sub-total	29,207,729	36,364,402	-
29				
30	Total	87,697,461	250,680,290	56,053,955
31				
32 Remove Executive Severance	-	128,505,490	-	128,505,490
33				
34 Total Costs to Achieve	87,697,461	122,174,800	56,053,955	265,926,216
35 Synergy Savings Allocation % - Energy North	0.80%	0.80%	0.80%	0.80%
36 Keyspan Cost to Achieve	705,534	982,907	450,959	2,139,400

Line Notes:

1-34 Calendar years 2006-2009 General Ledger actuals.

35 Per Joint Petition dated August 2006, Schedule JGC-1, Page 3 of 4, an additional \$136 million was added to LIPA.

36 Line 34 * Line 35