

National Grid Acquisition Integration Costs
Change in Deferral Balances - Summary

	Total
1 NE Gas Acquisition- Beginning Balance	26,577
2 NE Gas Costs to Achieve	96,401
3 NE Gas Amortization	(89,776)
4 Interest Accrued	3,560
5 NE Gas Acquisition-Ending Balance	<u>36,761</u>
6 Keyspan Acquisition - Beginning Balance	-
7 Keyspan Costs to Achieve	886,591
8 Keyspan Amortization	(217,702)
9 Interest Accrued	39,832
10 Keyspan Acquisition--Ending Balance	<u>708,721</u>
11 Total	<u><u>745,482</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
1 NE Gas Acquisition- Beginning Balance	-	26,577
2 NE Gas Costs to Achieve	69,971	26,430
3 NE Gas Amortization	(44,888)	(44,888)
4 Interest Accrued	1,494	2,066
5 NE Gas Acquisition-Ending Balance	26,577	10,185

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	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	213,167
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
8 IT Integration costs				
9				
10 (1) Applications consolidation	-	-	-	-
11 (2) Data center and network consolidation	37,208	497,866	178,001	713,075
12				
13	Sub-total	37,208	497,866	178,001
14 Other Integration costs				
15				
16 (1) CTA merger savings identified by Integration Team	899,942	176,837	5,000	1,081,779
17 (2) Insurance run-offs (NEG)	-	-	-	-
18				
19	Sub-total	899,942	176,837	5,000
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	969,846
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
29				
30	Total	7,837,574	2,077,011	3,408,159
31				
32 Remove Executive Severance	891,750	-	-	891,750
33				
34 Total Costs to Achieve	6,945,824	2,077,011	3,408,159	12,430,994
35 Synergy Savings Allocation % - Granite State	0.78%	0.78%	0.78%	0.78%
36 NE Gas Cost to Achieve	53,864	16,107	26,430	96,401

Line Notes:

1-34 Calendar years 2006-2008 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
1 Keyspan Acquisition - Beginning Balance	-
2 Keyspan Costs to Achieve	886,591
3 Keyspan Amortization	(217,702)
4 Interest Accrued	39,832
5 Keyspan Acquisition--Ending Balance	708,721

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	Total
Personnel costs			
1 (1) VERO Programs (management)	32,325,171	59,146,628	91,471,799
2 (2) Voluntary Severance (management)	346,483		346,483
3 (3) Retention agreements	2,279,322	3,033,846	5,313,168
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
8 IT Integration costs			
9			
10 (1) Applications consolidation	-	-	-
11 (2) Data center and network consolidation	776,273	1,159,245	1,935,518
12			
13	Sub-total	776,273	1,159,245
14 Other Integration costs			
15			
16 (1) CTA merger savings identified by Integration Team	22,568,848	15,212,529	37,781,377
17 (2) Insurance run-offs (Keyspan)		7,258,150	7,258,150
18			
19	Sub-total	22,568,848	22,470,679
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
31			
32 Remove Executive Severance	-	128,505,490	128,505,490
33			
34 Total Costs to Achieve	87,697,461	122,174,800	209,872,261
35 Synergy Savings Allocation % - Granite State	0.42%	0.42%	0.42%
36 NE Gas Cost to Achieve	370,472	516,119	886,591

Line Notes:

1-34 Calendar years 2006-2008 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