

Exhibit-C: KeySpan Energy Delivery - NH DSM/MT Program Year One (2006-2007): Shareholder Incentive Calculation - September 1, 2007

Program	Expenditures (Budget) for Program Year 1	Design Goal for FY 1	Projected Lifetime Thermo Savings ¹	Actual Lifetime Thermo Savings ²	Actual LTT/Projected LTT	Projected TRC ³	Actual TRC ⁴	Actual TRC/Projected TRC	Lifetime Savings Incentive	Cost-effectiveness Incentive	Actual Pre Tax Design Incentive
Residential											
Low Income	\$ 380,629	140 Participants	971,208	978,145	1.007	2.11	2.11	1.00			
Residential Weatherization	\$ 64,887	89 Rebates	786,048	962,688	1.225	4.84	4.88	1.05			
Residential High Efficiency Heating	\$ 253,746	600 Rebates	1,980,000	1,676,400	0.847	5.80	5.30	0.91			
Residential High Efficiency Water Heating	\$ 51,786	114 Rebates	174,420	182,070	1.044	2.60	2.66	1.02			
Energy Star Windows	\$ 59,253	3,500 Rebates	274,768	183,623	0.669	3.04	2.48	0.82			
Energy Star Thermostats	\$ 24,247	328 Rebates	144,320	216,040	1.497	5.08	6.34	1.25			
Energy Star Homes	\$ 54,064	110 Participants	748,000	340,000	0.455	4.73	3.71	0.78			
Energy Analysis: Internet Audit Guide	\$ 25,474	800 New Users									
Residential Technology Demonstration	\$ 41,684										
Residential Conservation Services	\$ 55,230	300 Participants									
Total	\$ 1,010,800		5,078,764	4,538,966	0.894	3.50	3.29	0.94	\$ 36,135	\$ 38,006	\$ 74,141
C&I and Multifamily											
Commercial Energy Efficiency Program	\$ 426,078	80 Participants	3,259,008	4,114,498	1.263	4.77	5.25	1.10			
Multifamily Housing	\$ 153,383	20 Participants	1,147,836	1,262,820	1.100	7.14	7.80	1.08			
Commercial High Efficiency Heating	\$ 73,734	110 Rebates	840,700	1,468,055	1.748	9.39	12.32	1.31			
Economic Redevelopment	\$ 110,601	3 projects	523,500	523,500	1.000	2.69	2.69	1.00			
Commercial Building Practices & Technology Demonstration	\$ 36,868	2 Projects	690,484	1,035,896	1.500	9.00	11.00	1.22			
C&I Energy Analysis Internet Audit	\$ 18,432	200 New Users									
Total - C&I and Multifamily	\$ 819,096		6,461,508	8,404,369	1.301	5.13	5.96	1.16	\$ 42,615	\$ 38,065	\$ 80,680
Total of Column	\$ 1,829,896								TOTAL Incentive		\$ 154,821

Notes:

This shareholder incentive calculation is based on the methodology described in 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

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

Assumptions:

Design Target Incentive = 8%

Incentive_{Res} = Expenditures_{RES} x ((4% x (TRC_{Actual} / TRC_{Projected})) + [4% x Lifetime Thermo Savings_{Actual} / Lifetime Thermo Savings_{Projected}])

Plus

Incentive_{C&I} = Expenditures_{C&I} x ((4% x (TRC_{Actual} / TRC_{Projected})) + [4% x Lifetime Thermo Savings_{Actual} / Lifetime Thermo Savings_{Projected}])

¹Per a September 9, 2005 E-mail from Jim Cunningham of the NH PUC to Subid Wagley of KED, the source of the projected lifetime thermo savings for each KED New Hampshire natural gas energy efficiency program and the source of the projected benefit/cost ratios by program is KeySpan's response to NH PUC Staff Data Request 2-31, Pages 3 to 6, Docket DG 04-152, filed by attorney Steven V. Camerino on November 22, 2004).

²From the updated Exhibit G showing actual Program Year 1 results.

^{3,4,5}Per a September 20, 2005 E-mail from Jim Cunningham of the NH PUC to Subid Wagley of KED, the source of the Lifetime savings and Cost Effectiveness incentive calculations are derived from the updated and streamlined version of the template used by the PUC called "Computation of Actual Performance Incentive-Program Year Two" of DG 02-106 and DG 05-141.

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.