

National Grid Acquisition Integration Costs
Change in Deferral Balances - Summary

	2007	2008	2009	2010	2011
1 NE Gas Acquisition- Beginning Balance	-	26,577	10,185	(35,945)	(86,301)
2 NE Gas Costs to Achieve	69,971	26,430	207	-	-
3 NE Gas Amortization	(44,888)	(44,888)	(44,888)	(43,486)	(40,938)
4 Interest Accrued	1,494	2,066	(1,448)	(6,871)	(12,716)
5 NE Gas Acquisition-Ending Balance	<u>26,577</u>	<u>10,185</u>	<u>(35,945)</u>	<u>(86,301)</u>	<u>(139,956)</u>
6 Keyspan Acquisition - Beginning Balance	-	-	769,382	978,630	990,002
7 Keyspan Costs to Achieve	-	943,843	328,706	111,745	12,479
8 Keyspan Amortization	-	(217,702)	(217,702)	(211,017)	(198,548)
9 Interest Accrued	-	43,242	98,244	110,643	106,829
10 Keyspan Acquisition--Ending Balance *	<u>-</u>	<u>769,382</u>	<u>978,630</u>	<u>990,002</u>	<u>910,761</u>
11 Total	<u><u>26,577</u></u>	<u><u>779,567</u></u>	<u><u>942,685</u></u>	<u><u>903,700</u></u>	<u><u>770,805</u></u>

Line Notes:

- 1-5 Page 2
- 6-10 Page 4
- 11 Sum (Line 5 + Line 10)

*Adjust CTA total to include prior years deferrals

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

	2007	2008	2009	2010	2011
1 NE Gas Acquisition- Beginning Balance	-	26,577	10,185	(35,945)	(86,301)
2 NE Gas Costs to Achieve	69,971	26,430	207	-	-
3 NE Gas Amortization	(44,888)	(44,888)	(44,888)	(43,486)	(40,938)
4 Interest Accrued	1,494	2,066	(1,448)	(6,871)	(12,716)
5 NE Gas Acquisition-Ending Balance	26,577	10,185	(35,945)	(86,301)	(139,956)

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 [Line 1 + (Line 2 + 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	2010	2011	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%	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 2006-2011 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	2010	2011
1 Keyspan Acquisition - Beginning Balance	-	769,382	978,630	990,002
2 Keyspan Costs to Achieve	943,843	328,706	111,745	12,479
3 Keyspan Amortization	(217,702)	(217,702)	(211,017)	(198,548)
4 Interest Accrued	43,242	98,244	110,643	106,829
5 Keyspan Acquisition--Ending Balance *	769,382	978,630	990,002	910,761

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)

*Adjust CTA total to include prior years deferrals

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

Component	2007	2008	2009	2010	2011	Total
Personnel costs						
1 (1) VERO Programs (management)	32,861,288	60,604,669	58,406,922	14,375,182	-	166,248,061
2 (2) Voluntary Severance (management)	36,893	2,365,184	5,637,903	4,564,036	3,481,411	16,085,427
3 (3) Retention agreements	1,179,939	3,464,922	1,150,745	703,481	29,225	6,528,312
4 (4) Relocations	194,579	51,617	51,488	24,593	1,449	323,726
5 (5) Executive severance and Options	-	128,505,490	-	-	-	128,505,490
6						
7						
8 IT Integration costs						
9						
10 (1) Applications consolidation	-	-	-	-	-	-
11 (2) Data center and network consolidation	821,335	2,602,945	2,896,029	2,692,024	(138,477)	8,873,856
12						
13						
13 Sub-total	821,335	2,602,945	2,896,029	2,692,024	(138,477)	8,873,856
14 Other Integration costs						
15						
16 (1) CTA merger savings identified by Integration Team	21,804,931	25,031,185	8,238,499	3,410,273	(459,871)	58,025,017
17 (2) Insurance run-offs (Keyspan)	26,182	6,807,041	1,429,061	682,591	40,223	8,985,098
18						
19						
19 Sub-total	21,831,114	31,838,226	9,667,560	4,092,864	(419,649)	67,010,115
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						
28 Sub-total	29,207,729	36,364,402	-	-	-	65,572,131
29						
30						
30 Total	86,132,877	265,797,454	77,810,648	26,452,180	2,953,958	459,147,117
31						
32 Remove Executive Severance	-	128,505,490	-	-	-	128,505,490
33						
34 Total Costs to Achieve	86,132,877	137,291,964	77,810,648	26,452,180	2,953,958	330,641,627
35 Synergy Savings Allocation % - Granite State	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
36 NE Gas Cost to Achieve	363,862	579,980	328,706	111,745	12,479	1,396,773

Line Notes:

1-34 Calendar years 2006-2011 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

*Adjust CTA total to include prior years deferrals