DG 10-017 **JJC-1**
Pension, OPEB and Health and Hospitalization and Depreciation/Amortization Expense

Summary

	Proposal	Staff Recommendation	Variance
	[1]	[2]	
Pensions	$ 1,995,447	$ 2,422,359	$ 426,912
OPEB's	$ 1,019,805	$ 548,521	$ (471,284)
Health and Hospitalization Costs	$ 1,708,913	$ 1,686,945	$ (21,968)
Sub-Total Pensions, OPEB's and Hospitalization Costs	$ 4,724,165	$ 4,657,825	$ (66,340)
Depreciation Expense	$ 8,042,552	$ 7,888,455	$ (154,097)
Total all Categories	$ 12,766,717	$ 12,546,280	$ (220,437)

footnotes:
[1] Source: Filing EN 2-2-2 Summary
[2] Source: Schedule JJC-2, JJC-3, JJC-4 and JJC-5

DG 10-017 **JJC-2**

Pension Expense - Proposal vs. Staff Recommendation

Rate Year (July 1 2009 to June 30, 2010)

	Proposed	Staff Recommend	Variance
Service Cost	$ 419,770	$ 364,026	$ (55,744)
Interest Cost	$ 2,146,868	$ 2,177,142	$ 30,274
Expected Return on Fund Assets	$ (1,939,227)	$ (1,679,776)	$ 259,451
Amortization of Net (Gain)/Loss	$ 368,316	$ 813,133	$ 444,817
Timing of Letters	$ 65,024	$ -	$ (65,024)
EnergyNorth Direct Costs	$ 1,060,751	$ 1,674,525	$ 613,774
Plus: Fair Value Amortization	$ 727,304	$ 727,304	$ -
Plus: Allocated Service Company Costs O&M (Co 31)	$ 452,560	n/a	n/a
Plus Allocated Servioce Companies O&M (Co 32)	$ 3,006	n/a	n/a
Plus: Allocated NGRID US Company (Co NK)	$ 23,836	n/a	n/a
Plus: Allocated Operating Companeis O&M (Legacy KeySpan)	$ 3	n/a	n/a
Plus Allocated Operating Companies O&M (Legacy Ngrid)	$ 1,536	n/a	n/a
Sub-Total Allocations	$ 480,941	$ 393,120	$ (87,821)
Less: Capital Credits	$ (273,549)	$ (372,590)	$ (99,041)
Grand Total Pension Expenses	$ 1,995,447	$ 2,422,359	$ 426,912

DG 10-017 JJC-2A

Pension Expense - Derivation of Staff Recommendation

Rate Year (July 1 2009 to June 30, 2010)

			Staff Recommendation					
			"Final" (Hewitt 9-4-2009) + FV Amort. + Est. Alloc - Est. Cap			**"Final" (Hewitt 9-17-2010) + FV Amort. + Est. Alloc. - Est. Cap.**		
	Proposed		**Hewitt 2010 Fiscal Year (full yr) (i.e. Apr 2009 - Mar 2010)**	**Rate Year Portion July 2009 - March 2010**		**2011 Fiscal Year (full yr) (i.e. Apr 2010 - Mar 2011)**	**Rate Year Portion April - June 2010**	**Total Rate Year**
				75%			**25%**	**100%**
	Staff 1-3		*Staff 3-1(d)*			*Tech. Session 3-9(b)*		
Service Cost	$ 419,770		$ 330,433	$ 247,825		$ 464,804	$ 116,201	$ 364,026
Interest Cost	$ 2,146,868		$ 2,184,402	$ 1,638,302		$ 2,155,362	$ 538,841	$ 2,177,142
Expected Return on Fund Assets	$ (1,939,227)		$ (1,568,524)	$ (1,176,393)		$ (2,013,531)	$ (503,383)	$ (1,679,776)
Amortization of Net (Gain)/Loss	$ 368,316		$ 798,401	$ 598,801		$ 857,329	$ 214,332	$ 813,133
Timing of Letters	$ 65,024		$ -	$ -		$ -	$ -	$ -
EnergyNorth Direct Costs	$ 1,060,751		$ 1,744,712	$ 1,308,534	(2)	$ 1,440,518	$ 365,991	$ 1,674,525
Plus: Fair Value Amortization (Staff 3-12)	$ 727,304		$ 727,304	$ 545,478		$ 727,304	$ 181,826	$ 727,304
Plus: Allocated Service Company Costs O&M (Co 31)	$ 452,560		n/a	n/a		n/a	n/a	n/a
Plus: Allocated Servioce Companies O&M (Co 32)	$ 3,006		n/a	n/a		n/a	n/a	n/a
Plus: Allocated NGRID US Company (Co NK)	$ 23,836		n/a	n/a		n/a	n/a	n/a
Plus: Allocated Operating Companeis O&M (Legacy KeySpan)	$ 3		n/a	n/a		n/a	n/a	n/a
Plus Allocated Operating Companies O&M (Legacy Ngrid)	$ 1,536		n/a	n/a		n/a	n/a	n/a
Sub-Total Allocations	$ 480,941	(1)	$ 411,036	$ 308,277	(1)	$ 339,371	$ 84,843	$ 393,120
Less: Capital Credits	$ (273,549)	(1)	$ (389,571)	$ (292,178)	(1)	$ (321,648)	$ (80,412)	$ (372,590)
Grand Total Pension Expenses	$ 1,995,447		$ 2,493,481	$ 1,870,111		$ 2,185,545	$ 552,248	$ 2,422,359

footnotes:

(1) "Allocations" and "Capital Credits" are based on the past three years actual allocation percent as follows (Staff 2-53 and Staff 2-54), multiplied by direct expense.

	FY 2007 Act.	FY 2008 Act.	FY 2009 Act.	Total 2007-2009 Act.
Direct Expenses	$ 2,671,401	$ 1,289,403	$ 1,019,049	$ 4,979,853
Allocated Pen. Exp.	$ 586,748	$ 266,849	$ 319,605	$ 1,173,202
Percent allocations	22.0%	20.7%	31.4%	23.6%
Capital Bill Outs	$ (544,775)	$ (227,638)	$ (339,521)	$ (1,111,934)
Percent Capital Billouts	-20.4%	-17.7%	-33.3%	-22.3%

(2) Source: Technical Session Staff 3-10

DG 08-009 **JJC-2B**

Breakdown of Staff Recommended Pensions by Function:

Functional Category	Pensions (1)
Transmission & Distribution	$ 8,723
Distribution	$ 87,338
Customer Accounts	$ 182,083
Sales Expense	$ 58,341
Administration and General	$ 1,740,091
Natural Gas Production and Gathering	$ 380
Total Operation	$ 2,076,957
Breakdown by Maintenance:	
Distribution	$ 343,823
Natural Gas Production and Gathering	$ 1,579
Total Maintenance	$ 345,402
Total Operation and Maintenance	$ 2,422,359

footnotes:

[1] Basis for Allocation %'s by Function:

	Pensions *(EN 2-2-2 Sch.6)*	Percent
Transmission & Distribution	$ 7,186	0.36%
Distribution	$ 71,946	3.61%
Customer Accounts	$ 149,993	7.52%
Sales Expense	$ 48,059	2.41%
Administration and General	$ 1,433,420	71.83%
Natural Gas Production and Gathering	$ 313	0.02%
Total Operation	$ 1,710,917	
Breakdown by Maintenance:		
Distribution	$ 283,228	14.19%
Natural Gas Production and Gathering	$ 1,301	0.07%
Total Maintenance	$ 284,529	
Total Operation and Maintenance	$ 1,995,446	100.00%

DG 10-017 **JJC-3**

OPEB Expense - Proposal vs. Staff Recommendation

Rate Year (July 1 2009 to June 30, 2010)

	Proposed	Staff Recommend	Variance
Service Cost	$ 28,637	n/a	n/a
Interest Cost	$ 287,226	n/a	n/a
Expected Return on Fund Assets	$ (28,692)	n/a	n/a
Amortization of Prior Service Costs	$ -	n/a	n/a
Amortization of Net (Gain)/Loss	$ 1,206	n/a	n/a
Timing of Letters	$ 3,107	n/a	n/a
EnergyNorth Direct Costs	$ 291,484	$ 236,037	$ (55,448)
Plus: Fair Value Amortization	$ 305,660	$ 261,085	$ (44,575)
Plus: Allocated Service Company Costs O&M (Co 31)	$ 338,365	n/a	n/a
Plus Allocated Servioce Companies O&M (Co 32)	$ 2,630	n/a	n/a
Plus: Allocated NGRID US Company (Co NK)	$ 41,330	n/a	n/a
Plus: Allocated Operating Companeis O&M (Legacy KeySpan)	$ 1,032	n/a	n/a
Plus Allocated Operating Companies O&M (Legacy Ngrid)	$ 3,065	n/a	n/a
Sub-Total Allocations	$ 386,422	$ 64,340	$ (322,082)
Plus: Gross Actuarial FAS 112 Expense	$ 77,112	$ -	$ (77,112)
Less: Capital Credits	$ (40,873)	$ (12,940)	$ 27,933
Grand Total OPEB Expenses	$ 1,019,805	$ 548,521	$ (471,284)

OPEB Expense - Derivation of Staff Recommendation

Rate Year (July 1 2009 to June 30, 2010)

			Staff Recommendation					
			"Final" (Hewitt 9-4-2009) + FV Amort. + Est. Alloc - Est. Cap			"Final" (Hewitt 9-17-2010) + FV Amort. + Est. Alloc. - Est. Cap.		
	Proposed		Hewitt 2010 Fiscal Year (full yr) (i.e. Apr 2009 - Mar 2010)	Rate Year Portion July 2009 - March 2010		2011 Fiscal Year (full yr) (i.e. Apr 2010 - Mar 2011)	Rate Year Portion April - June 2010	Total Rate Year
				75%			25%	100%
	Staff 1-3		*Staff 3-1 [c]*			*Tech 3-9 (a)*		
Service Cost	$ 28,637		n/a	n/a		n/a	n/a	n/a
Interest Cost	$ 287,226		n/a	n/a		n/a	n/a	n/a
Expected Return on Fund Assets	$ (28,692)		n/a	n/a		n/a	n/a	n/a
Amortization of Prior Service Costs	$ -		n/a	n/a		n/a	n/a	n/a
Amortization of Net (Gain)/Loss	$ 1,206		n/a	n/a		n/a	n/a	n/a
Timing of Letters	$ 3,107		n/a	n/a		n/a	n/a	n/a
EnergyNorth Direct Costs (Tech Sess Staff 3-9 and 3-10)	$ 291,484	(3)	$ 260,918	$ 195,689	(3)	$ 161,392	$ 40,348	$ 236,037
Plus: Fair Value Amortization (Staff 3-13, Tech Sess. 3-10)	$ 305,660		$ 305,660	$ 229,245	(3)	$ 127,359	$ 31,840	$ 261,085
Plus: Allocated Service Company Costs O&M (Co 31)	$ 338,365		n/a	n/a		$ 43,993	$ 10,998	n/a
Plus: Allocated Servioce Companies O&M (Co 32)	$ 2,630		n/a	n/a		n/a	n/a	n/a
Plus: Allocated NGRID US Company (Co NK)	$ 41,330		n/a	n/a		n/a	n/a	n/a
Plus: Allocated Operating Companeis O&M (Legacy KeySpan)	$ 1,032		n/a	n/a		n/a	n/a	n/a
Plus Allocated Operating Companies O&M (Legacy Ngrid)	$ 3,065		n/a	n/a		n/a	n/a	n/a
Sub-Total Allocations	$ 386,422	(1)	$ 71,123	$ 53,342	(1)	$ 43,993	$ 10,998	$ 64,340
Plus: Gross Actuarial FAS 112 Expense (Staff 2-54, no supp't)	$ 77,112	(2)	$ -	$ -	(2)	$ -	$ -	$ -
Less: Capital Credits	$ (40,873)	(1)	$ (14,304)	$ (10,728)	(1)	$ (8,848)	$ (2,212)	$ (12,940)
Grand Total OPEB Expenses	$ 1,019,805		$ 623,396	$ 467,547		$ 323,896	$ 80,974	$ 548,521

footnotes:

(1) "Allocations" and "Capital Credits" are based on the past three years actual allocation percent (Staff 2-53 and Staff 2-54), multiplied by direct expense.

	FY 2007 Act.	FY 2008 Act.	FY 2009 Act.	Total 2007-2009 Act.
Direct Expenses	$ 2,671,401	$ 1,289,403	$ 1,019,049	$ 4,979,853
Allocated OPEB Exp.	$ 562,800	$ 440,226	$ 354,416	$ 1,357,442
Percent allocations	21.1%	34.1%	34.8%	27.3%
Capital Bill Outs	$ (162,897)	$ (45,636)	$ (64,479)	$ (273,012)
Percent Capital Billouts	-6.1%	-3.5%	-6.3%	-5.5%

(2) FAS-112 (Staff 2-54) provides no explanation $ - $ - $ 70,616

(3) Source: Technical Session Staff 3-10

DG 10-017 **JJC-3B**

Breakdown of Staff Recommended OPEB by Function:

Functional Category		OPEB's (1)
Transmission & Distribution	$	2,124
Distribution	$	18,935
Customer Accounts	$	53,878
Sales Expense	$	19,450
Administration and General	$	380,283
Natural Gas Production and Gathering	$	124
Total Operation	$	474,794
Breakdown by Maintenance:		
Distribution	$	73,273
Natural Gas Production and Gathering	$	455
Total Maintenance	$	73,728
Total Operation and Maintenance	$	548,521

footnotes:

[1] Basis for Allocation %'s by Function:

		OPEB's *(EN 2-2-2 Sch. 7)*	Percent
Transmission & Distribution	$	3,948	0.39%
Distribution	$	35,203	3.45%
Customer Accounts	$	100,170	9.82%
Sales Expense	$	36,161	3.55%
Administration and General	$	707,020	69.33%
Natural Gas Production and Gathering	$	231	0.02%
Total Operation	$	882,733	
Breakdown by Maintenance:			
Distribution	$	136,228	13.36%
Natural Gas Production and Gathering	$	846	0.08%
Total Maintenance	$	137,074	
Total Operation and Maintenance	$	1,019,807	100.00%

DG 10-017 **JJC-4**

Health and Hospitalization Expense - Proposal vs. Staff Recommendation

Rate Year (July 1 2009 to June 30, 2010)

	Proposed	Staff Recommendation Test Year	Staff Recommendation Recommend	Variance
	EN 2-2-2 Sch 4		*Test Year + 8.5%* *Tech Sess. Staff 3-9 (Att. p.1)*	
EnergyNorth	$ 1,223,144	$ 1,077,744	$ 1,169,352	$ (53,792)
Corporate Services	$ 469,649	$ 449,276	$ 487,464	$ 17,815
Utility Services	$ 3,175	$ 1,557	$ 1,689	$ (1,486)
NGUSA Services	$ 12,945	$ 26,211	$ 28,439	$ 15,494
Total	$ 1,708,913	$ 1,554,788	$ 1,686,945	$ (21,968)

DG 10-017 JJC-5

Depreciation/Amortization Expense

Depreciation:			Average Gross Plant at 12-31-2008 [1]		Proposed Dep Accrual Rates/Expense (2): Average Serv. Life	Net Salvage Rates	Dep. Accr. Rate	Dep. Expense		Staff Calculated Dep Accrual Rates/Exp: Average Serv. Life	Net Salvage Rates	Dep. Accr. Rate	Dep. Expense	Variance
Production Plant:														
305.00 Structures and Improvements			$ 1,415,723		30.0	0.0%	3.33%	$ 47,191		30.0	0.0%	3.33%	$ 47,191	
311.00 LP Gas Equipment			$ 207,767		30.0	0.0%	3.33%	$ 6,926		30.0	0.0%	3.33%	$ 6,926	
320.17 Other Equipment-LNG			$ 849,407		30.0	0.0%	3.33%	$ 28,314		30.0	0.0%	3.33%	$ 28,314	
320.18 Other Equipment-Production			$ 8,175,255		30.0	0.0%	3.33%	$ 272,509		30.0	0.0%	3.33%	$ 272,509	
Total Production Plant			$ 10,648,152					$ 354,938					$ 354,938	$ -
Storage Plant:														
321.07 Structures and Improvements-LNG			$ 57,345		30.0	0.0%	3.33%	$ 1,912		30.0	0.0%	3.33%	$ 1,912	
323.07 Other Equipment-LNG			$ 7,646		30.0	0.0%	3.33%	$ 255		30.0	0.0%	3.33%	$ 255	$ -
Total Storage Plant			$ 64,991					$ 2,166					$ 2,166	$ -
Transmission Plant:														
366.02 Structures and Improvements			$ 269,809		30.0	0.0%	3.33%	$ 8,994		30.0	0.0%	3.33%	$ 8,994	
366.03 Structures and Improvements-Other			$ 354,373		30.0	0.0%	3.33%	$ 11,812		30.0	0.0%	3.33%	$ 11,812	
367.00 Mains			$ 154,302,417		60.0	-15.0%	1.92%	$ 2,957,463		60.0	-15.0%	1.92%	$ 2,957,463	
369.00 Measuring and Reg. Sta. Eq.			$ 2,812,639		30.0	0.0%	3.33%	$ 93,755		30.0	0.0%	3.33%	$ 93,755	
Total Transmission Plant			$ 157,739,238					$ 3,072,024					$ 3,072,024	$ -
Distribution Plant:														
380.00 Services			$ 91,485,682		40.0	-60.0%	4.00%	$ 3,659,427		40.0	-60.0%	4.00%	$ 3,659,427	
381.00 Meters			$ 12,631,995		35.0	0.0%	2.86%	$ 360,914		35.0	0.0%	2.86%	$ 360,914	
381.01 Meters-Instrument			$ 98,530		35.0	0.0%	2.86%	$ 2,815		35.0	0.0%	2.86%	$ 2,815	
381.02 Meters-ERTS			$ 5,028,696		35.0	0.0%	2.86%	$ 143,677		35.0	0.0%	2.86%	$ 143,677	
382.00 Meter Installations			$ 5,183,440		35.0	0.0%	2.86%	$ 148,098		35.0	0.0%	2.86%	$ 148,098	
387.01 Other Equipment			$ 548,928		19.0	0.0%	5.26%	$ 28,874		30.0	0.0%	3.33%	$ 18,298	
Total Distribution Plant			$ 114,977,271					$ 4,343,805					$ 4,333,229	$ (10,576)
390.00 Structures & Improvements			$ 4,451,092		30.0	0.0%	3.33%	$ 148,370		30.0	0.0%	3.33%	$ 148,370	
390.05 Structures & Improvements-Leases			$ 81,262		18.0	5.0%	0.00%	$ -		30.0	0.0%	3.33%	$ 2,709	
372.10 Office Furniture & Equipment			$ 116,073		18.0	5.0%	5.28%	$ 6,126		18.0	5.0%	5.28%	$ 6,126	
391.07 Office Furniture & Equip-Computers			$ 1,824,930		18.0	5.0%	5.28%	$ 96,316		18.0	5.0%	5.28%	$ 96,316	
391.03 Office Furniture and Equip-Laptops		*fully dep*	$ 6,064		18.0	5.0%	5.28%	$ 320		18.0	5.0%	5.28%	$ 320	
393.03 Stores Equipment ($28,210 fully dep)		*$ 28,210*	$ 10,364	*$ 38,574*	30.0	0.0%	3.33%	$ 345	**Fully Dep**	30.0	0.0%	3.33%	$ 345	
394.00 Tools, Shop & Garage Equipment			$ 348,692		19.0	0.0%	5.26%	$ 18,352		19.0	0.0%	5.26%	$ 18,352	
394.04 Tools, Shop & Garage Equipment-CNG		*$ 221,199*	$ -	*$ 221,199*	30.0	0.0%	3.33%	$ -	**Fully Dep**	19.0	0.0%	5.26%	$ -	
376.00 Laboratory Equipment		*$ 150,945*	$ 75,124	*$ 226,069*	16.0	0.0%	6.25%	$ -	**Fully Dep**	16.0	0.0%	6.25%	$ 4,695	
378 Communications Equipment			$ 403,519		15.0	0.0%	6.67%	$ 26,901		15.0	0.0%	6.67%	$ 26,901	
379 Miscellaneous General Equipment			$ 205,028		15.0	0.0%	6.67%	$ 13,669		15.0	0.0%	6.67%	$ 13,669	
Total General Plant		*$ 400,354*	$ 7,522,148	*$ 485,842*				$ 310,399					$ 317,803	$ 7,404
Total-Depreciable Property	*$ 291,352,154*	*$ 400,354*	$ 290,951,800					$ 8,083,333					$ 8,080,161	$ (3,172)
Plus: Amortization of Reserve Variance, as proposed								$ (933,591)					$ (933,591)	$ -
Plus: Levelized CTA Amortization, as proposed								$ 181,327					$ 181,327	$ -
Plus: Additional Depreciation Exp on Non-Growth Capital, as proposed								$ 150,925					$ -	$ (150,925)
Plus: Amortization of Intangible Software			$ 6,319,509		7	0%	14.29%	$ 902,787		7	0%	14.29%	$ 902,787	$ -
Less: Unidentified Adjustment, as proposed (4)								$ (342,229)	(4)				$ (342,229) (4)	$ -
Grand Total Depreciation and Amortization			$ 297,271,309 (3)					$ 8,042,552	(2)				$ 7,888,455	$ (154,097)

footnotes:

[1] Source: EnergyNorth Filing, Workpapers "WP COS O&M 2-2-4 Depreciation". Plant Balance at June 30, 2009 is still under review at the time of preparation of this testimony.

(2) Filing at EN 2-2-4 and Work Paper WP COS 2-2-4 Depreciation

(3) Reconciliation to Filing is as follows:

Depreciable Property Per Above	$ 290,951,800
Plus: Intangible Software, not included in depreciation	$ 6,319,509
Plus: Fully Depreciation Property	$ 400,354
Amount Per Workpapers "WP COS O&M 2-2-4 Dep"	$ 297,671,663

(4) Still under review at the time of preparation of this testimony.