STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of New York on July 18, 2007

COMMISSIONERS PRESENT:

Patricia L. Acampora, Chairwoman
Maureen F. Harris
Robert E. Curry, Jr.
Cheryl A. Buley

CASE 06-G-1185 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York for Gas Service.

CASE 06-G-1186 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island for Gas Service.

ORDER AUTHORIZING INTERIM GAS ENERGY EFFICIENCY PROGRAMS AND RELATED DEFERRALS

(Issued and Effective July 18, 2007)

BY THE COMMISSION:

INTRODUCTION

The captioned cases generally concern the terms and conditions of new gas rate plans for KeySpan Energy Delivery New York (KEDNY) and KeySpan Energy Delivery Long Island (KEDLI). There is also a companion case concerning whether National Grid plc should be allowed to acquire KeySpan Corporation and be granted other approvals.[1]

[1] Case 06-M-0878 - Joint Petition of National Grid plc and KeySpan Corporation for Approval of Stock Acquisition and other Regulatory Authorizations.

One of the rate case issues presented concerns whether KEDNY and KEDLI should adopt gas energy efficiency programs and, if so, the terms and conditions of such programs. This order resolves those issues on an interim basis, effective immediately.

PROCEDURAL BACKGROUND

The rate case tariff filings and supporting prefiled testimony and exhibits were filed on October 3, 2006. On that same date, prefiled testimony concerning gas energy efficiency was filed by the Director of KeySpan's Energy Management Department, Mr. Bruce A. Johnson. A notice of negotiations was filed on November 28, 2006 and the notice was evaluated and reported to us in a memorandum dated December 1, 2006.

DPS Staff and intervenors had an opportunity to prefile direct testimony and exhibits on all rate case issues in January 2007. Witnesses submitting testimony at that time concerning gas energy efficiency included Mr. Thomas Coonan for the New York State Department of Public Service (DPS Staff), Dr. Douglas W. Elfner for the New York State Consumer Protection Board (CPB) (pp. 19-25), and Messrs. Plunkett and Greene on behalf of Natural Resources Defense Council (NRDC), Pace Energy Project and the Association of Energy Affordability jointly. In February 2007, prefiled rate case rebuttal on the same topic was submitted by Mr. Johnson, primarily responding to the proposals of Messrs. Plunkett and Greene. Suffolk County's witness, Mr. Frank Radigan, also prefiled testimony on this topic in February 2007 (pp. 13-19).

On or about May 11, 2007, interested parties reported that they had, among other things, reached an agreement in principle concerning interim gas energy efficiency programs for KEDNY and KEDLI. A "Joint Proposal for Interim Energy Efficiency Programs" (JP 1)[2] was executed and filed on May 31,

[2] So designated given that other joint proposals are anticipated in these proceedings.

2007. Active parties that executed JP 1 include KEDNY, KEDLI, National Grid plc, DPS Staff, CPB, the City of New York, Nassau County, Suffolk County, NRDC, Pace Energy Project, Public Utility Law Project (PULP), the Association for Energy Affordability, and IBEW Locals 1049 and 1381 (collectively, the 13 Signatories).

Five statements in support were filed, including those submitted on behalf of: (1) DPS Staff; (2) New York City; (3) Nassau and Suffolk Counties, jointly; (4) PULP; and (5) seven other Signatories jointly (the Seven Signatories). The IBEW locals did not file a statement. There are no statements in opposition.

Finally, some Signatories recently submitted responses to one or more of the ten questions posed by the Administrative Law Judges (ALJs).

SUMMARY OF JOINT PROPOSAL 1

The primary purpose of Sections I through V and related appendices of JP 1 is to provide for our consideration a framework under which KEDNY and KEDLI would implement gas energy efficiency programs on an interim basis, commencing August 1, 2007, so that the programs will be in effect prior to the 2007-2008 winter. The primary purpose of Section VI of JP 1 is to have us adopt terms that would govern how the 13 Signatories would cooperate with each other toward the laudable goal of ensuring that non-interim energy efficiency programs can go into effect when new rate plans are adopted for KEDNY and KEDLI. The primary purpose of Section VII of JP 1 is to have us adopt “boiler plate” terms.

As to the interim gas energy efficiency programs, the proposal is that KEDNY and KEDLI be authorized to spend up to $10 and $5 million each and to defer these amounts and associated lost delivery service revenues for future recovery from ratepayers. The authorized amounts would be expended on 15 programs, most of which KeySpan operating companies have implemented effectively in New England jurisdictions, subject to several provisos. One proviso is that these programs would be implemented only to the extent they pass the Total Resource Cost Test.[3] Another is that the programs would be implemented in coordination with other specified energy efficiency service providers, including the New York State Energy Research and Development Authority (NYSERDA), Consolidated Edison and the Long Island Power Authority (LIPA), and in consultation with New York City and Nassau and Suffolk Counties in a manner intended to ensure prompt and efficient delivery of gas energy efficiency services in the service territories of KEDNY and KEDLI.[4] A third is that customers converting or replacing inefficient oil-burning systems would not be eligible for interim program benefits.

Lost revenues for any month would be calculated using the number of efficiency measures installed under each program prior to the first of the month, and information presented in JP 1, Appendix B, Tables 1 and 2 concerning stipulated energy savings for each installed measure in each month of a year and stipulated delivery rates. The bases for the information in the tables are not explained in the JP or the statements in support. However, in response to the ALJs' questions, Mr. Johnson and his staff clarify that the energy savings in Table 1 for each installed measure are based on various engineering studies and models, secondary sources, and actual in-field measurement and billing analyses. The rates in Table 2 are, with one exception,

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[3] In response to the ALJs' questions, DPS Staff, KEDNY, KEDLI, Nassau and Suffolk Counties, and PULP expressly concur that this is a reference to the test that has traditionally been used by this Commission since it was adopted in 1988, Case 29409, Plans for Meeting Future Electricity Needs, Opinion No. 88-20 (issued July 26, 1988), pp. 30-40. The test focuses on whether the lifetime savings of a program will exceed the total cost to the utility and its participating customers.

[4] NYSERDA, Consolidated Edison and LIPA are all active parties but they are not Signatories.

current tail block rates for each KEDNY and KEDLI service class. A more detailed explanation is provided for the derivation of the residential heating rates on Table 2. DPS Staff, Nassau and Suffolk Counties, and PULP expressly agree with these responses.

The 15 specific programs are described in Appendix A of JP 1. Examples include a low-income residential program under which eligible customers could receive up to $4,500 in qualifying measures, a residential weatherization program under which a rebate of up to $750 would be available for contractor-installed insulation and sealing, a residential Energy Star® Products rebate program, commercial customer programs to encourage the installation of energy savings measures and high-efficiency heating systems, and a Multi-Family Housing Program designed to encourage more efficient heating systems, increased insulation, and the installation of more efficient windows and doors.

The allocation of total budgeted dollars among the various interim programs is not fixed under the terms of JP 1 and is not discussed in the statements in support. In response to the ALJs' questions, however, KEDNY, KEDLI, DPS Staff, Nassau and Suffolk Counties, and PULP expressly state that the allocation reflected on JP 1 Appendix A, p. 6 summarizes KeySpan's intended allocation of budget dollars prior to any consultations and that any budget allocation adopted after such consultations is not expected to affect materially the balance among low-income, residential, and commercial/industrial programs. PULP adds multi-family programs to the list of major allocation categories and no one disagrees.

Other key elements of the proposal call for the establishment of obligations for KEDNY and KEDLI to: (1) report twice a month to all active parties on progress, expenditures, projected gas savings, projected lost revenues, and the like; and (2) keep adequate records so that measures installed, costs incurred and lost gas delivery revenues experienced in connection with the interim programs can be verified or audited.

Section VI of JP 1 reflects the 13 Signatories' agreement that the interim budget levels, program elements, and lost revenue calculation method should all be superseded and that a cost recovery mechanism for deferred and future program costs and lost revenues should be adopted at the time complete new rate plans are adopted for KEDNY and KEDLI. In furtherance of that overall objective, they plan to propose new budget amounts in a separate joint proposal concerning rate plans and to engage in collaborative discussions concerning new program design elements and a new lost revenue calculation methodology. Assuming that we will consider adoption of new rate plans for KEDNY and KEDLI at a session in December 2007, the 13 Signatories further propose that we adopt now a date of November 16, 2007 as the date by which they must report the results of the collaborative to the ALJs and that we adopt now a plan under which all aspects of a non-interim gas energy efficiency program will be in effect either on the date the new rate plans take effect or on such other date as we may set. Until such time as the new non-interim gas energy efficiency programs are in effect, KEDNY and KEDLI would continue to calculate and defer interim program lost revenues in the manner described above.

Finally, Section VII of JP 1 reflects the 13 Signatories' agreement, among other things, that:

1. The record fully justifies adoption of the proposed terms;
2. The terms are in the public interest.
3. They will work together to seek our review and approval of JP 1 and continue to work cooperatively on non-interim energy efficiency programs.
4. Each part of JP 1 is in consideration and support of all the terms and is expressly conditioned on approval of the terms in full.
5. They would be free to pursue their respective positions if the terms are not adopted in their entirety.
6. The terms may not be cited or relied upon as precedent.
7. There are no other terms.

8. This Commission reserves the right to adjust KEDNY and KEDLI gas rates if they are too high or too low.

ARUGMENTS IN SUPPORT OF JP 1

Several of the 13 Signatories argue that the terms of JP 1 should be adopted because this would be consistent with State, Commission, and New York City policies to promote energy efficiency. New York City, for example, argues the terms are consistent with Governor Spitzer's announced initiative to decrease energy consumption in New York by 15% from forecast levels by 2015.[5] Several maintain the terms are consistent with our recent decision instituting a proceeding.[6] New York City adds that the terms are consistent with its plan (PlaNYC 2030) to spend $80 million per year to increase energy efficiency in its operations.

Other arguments offered in support include that there would be improvements in transmission and distribution system reliability and air quality,[7] that the interim budget amounts are relatively small (.45% and .35% of 2005 overall revenues, respectively, for KEDNY and KEDLI), and that gas spot market prices would be lower than they otherwise would be, benefiting gas commodity customers directly and electric customers indirectly.[8] The terms are also said to be reasonable because they are the product of negotiations among parties that are

[5] New York City's Statement, p. 3.

[6] E.g., DPS Staff's Statement, p. 7, citing Case 07-M-0858, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Instituting Proceeding, (issued May 16, 2007). See, also, PULP's Statement, p. 2, the Counties' Statement, p. 3 and the Seven Signatories' Statement, p. 2.

[7] The testimony of Messrs. Plunkett and Greene (pp. 11-12) discusses anticipated environmental benefits, including CO_2 reductions.

[8] DPS Staff's Statement, pp. 7-8. See, also, the prefiled testimony of Messrs. Plunkett and Greene, pp. 10-11.

frequently adversaries and that JP 1 is broadly supported.[9] Indeed, there is no express opposition.

New York City also argues strongly in support of the terms set forth in Section VI of JP 1, describing the 13 Signatories' expectation that the provisions of the Interim Gas Energy Efficiency Program will be superseded on or about the time new rate plans become effective for KEDNY and KEDLI. The City argues, among other things, that it is imperative that the results of the continuing collaborative efforts be incorporated into our deliberations on the new multi-year rate plans in December 2007. We should take whatever steps are necessary, the City continues, to ensure that result.[10]

DISCUSSION

We are authorizing interim gas energy efficiency programs for KEDNY and KEDLI based in part on all of the terms set forth in Section I through V and Appendices A and B of JP 1 and based in part on some of the terms set forth in Sections VI and VII of that document.

As noted above, several active parties submitted prefiled testimony supporting gas energy efficiency programs for KEDNY and KEDLI, regardless of what action is ultimately taken concerning the petition for National Grid plc to acquire KeySpan Corporation. While those that prefiled testimony on gas energy efficiency issues do not agree completely, they all propose that KEDNY and KEDLI should have gas energy efficiency programs and there is no testimony to the contrary.

As to the details set forth in JP 1 Sections I through V and Appendices A and B, the interim budget amounts of $10 million and $5 million are those supported in the prefiled direct testimony of Mr. Johnson, as part of KeySpan's original proposal to ramp up the programs over three years to annual budget levels of $20 million and $10 million, respectively.

[9] DPS Staff's Statement, p. 8, and PULP's Statement, p. 2.

[10] New York City's Statement, p. 5.

While the interim budget amounts are much lower than those proposed by NRDC, Pace Energy Project, and the Association for Energy Affordability,[11] the amounts authorized here are only for an interim period. Moreover, KEDNY and KEDLI will be ramping up the interim programs as quickly as is administratively possible, so that they will soon be spending the interim budget amounts on an annual basis and to ensure programs are available to eligible customers prior to the 2007-08 winter heating season.

Turning to the interim program elements, application of the Total Resource Cost Test guarantees that all programs implemented will have positive benefit to cost ratios. The 13 Signatories concur as well that these program elements have been implemented successfully by KeySpan subsidiaries in other jurisdictions, an apparent exception being multi-family program elements that are not extant and especially critical in the case of KEDNY.

The terms concerning the allocation of interim budget dollars among programs, as clarified in responses to the ALJs' questions, are also reasonable to the extent anticipated allocations are stated for four categories of programs but some amount of flexibility is maintained especially on a program-by-program basis, to reflect coordination efforts, information provided by New York City and Nassau and Suffolk Counties, and experience gained as the interim programs are implemented.

Given that new rates are not being set at this time, the magnitude of the projected interim program costs, and the anticipated positive benefit to cost ratios for each program, it is reasonable that the interim program costs be deferred for future recovery in the manner described in JP 1. Likewise, effective implementation of the interim programs will necessarily reduce delivery revenues for KEDNY and KEDLI, all

[11] Messrs. Plunkett's and Green's budget proposals (p. 19) for KEDNY and KEDLI are $20 million and $10 million in year one, $40 million and $20 million in year two, and $66.666 million and $33.333 million in year three.

things being equal, and it is reasonable that such lost revenues be deferred. Otherwise, KEDNY and KEDLI's earnings would be lower than they would otherwise be solely as a result of their participation in programs that will be beneficial to the general public.

The specific bases for the interim lost revenue calculation method are also reasonable as the therm savings per measure are based on study and actual experience relevant to the Northeast region and as the lost revenue figures are based on existing KEDNY and KEDLI rates.[12] Finally, the reporting, record keeping, and coordination terms are all reasonable to the extent they help ensure the interim programs are implemented efficiently, using the best information available, that program effectiveness can be evaluated continually, and that the reasonableness of interim costs actually incurred and associated lost revenues deferred can be audited after the fact.

Part of Section VI of JP 1 describes what the Signatories agree to do and the substantive results they expect as a result of their efforts to ensure non-interim budget levels, program elements, cost and lost revenue recovery mechanisms, and a new lost revenue calculation method can be put in place at or near the time new rate plans are put into effect for KEDNY and KEDLI. This is a laudable goal and we endorse it generally. However, we need not and do not order it.

There are three specific terms in this section of JP 1 that require further discussion. The first is that we neither adopt nor endorse the term under which the 13 Signatories agree that if they complete their collaborative efforts by November 16, 2007, that such results will necessarily be considered when new rate plans are adopted. The ALJs are responsible for managing these cases for a variety of reasons, including that the Judges are in a good position to evaluate the process and schedule continually in light of changing circumstances on a

[12] KeySpan's responses to ALJ questions 9 and 10.

number of fronts. Scheduling proposals of this type are properly directed to the Judges.[13] The second point is that we expressly adopt the last sentence of the penultimate paragraph of this section, memorializing that KEDNY and KEDLI may continue to defer program costs and interim lost revenues until such time as a mechanism is adopted to recover these costs. Third, we adopt the condition at the very end of this section to make clear that until such time as a new lost revenue calculation method is adopted, or we otherwise order something different, KEDNY and KEDLI will continue to retain the right to calculate and defer Interim Lost Revenues in the manner set forth in JP 1.

Turning, finally, to Section VII of JP 1, most of the terms there are clearly routine, including those in which the 13 Signatories agree how they will conduct themselves. With one exception, these terms require no action on our part and we do not adopt them as part of our order. The carryover paragraph from JP 1 pp. 7-8, is an exception, however, as it expressly recognizes that our statutory powers remain unchanged in light of the actions we take today. This term is adopted as part of our order. We also take this opportunity to make clear that our decision today can properly be cited and treated as precedent.

The Commission orders:

1. The terms and conditions of the Joint Proposal for Interim Energy Efficiency Programs, set forth in Appendix I of this order, are adopted or endorsed and are hereby incorporated into and made a part of the order to the extent described in the body of this order.

2. KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island shall each submit, as soon as

[13] This outcome is also consistent with the statement in the Judges' May 24, 2007 ruling that "[i]f the parties have specific proposal for scheduling the collaboratives...such proposals will be considered promptly." JP 1 does not mention the ruling, much less claim or establish that it is unreasonable or an abuse of discretion.

possible and by not later than 4:45 p.m. on July 23, 2007, a written statement of unconditional acceptance of the terms of this order, signed and acknowledged by a duly authorized officer. Such statement shall be filed with the Commission Secretary and served contemporaneously on all active parties.

3. These proceedings are continued.

By the Commission,

(SIGNED)

JACLYN A. BRILLING
Secretary

NEW YORK STATE
PUBLIC SERVICE COMMISSION

CASE 06-G-1185 - Proceeding On Motion Of The Commission As To The Rates, Charges, Rules And Regulations Of The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York For Gas Service

CASE 06-G-1186 - Proceeding On Motion Of The Commission As To The Rates, Charges, Rules And Regulations Of KeySpan Gas East Corp. d/b/a KeySpan Energy Delivery Long Island For Gas Service

JOINT PROPOSAL FOR INTERIM ENERGY EFFICIENCY PROGRAMS

By:

The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York
KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island
National Grid plc
Staff of the New York State Department of Public Service
New York State Consumer Protection Board
City of New York
County of Nassau
County of Suffolk
Natural Resources Defense Council
Pace Energy Project
Public Utility Law Project
Association for Energy Affordability
International Brotherhood of Electrical Workers, Locals 1049 & 1381

Dated: May 31, 2007

JOINT PROPOSAL
FOR
INTERIM ENERGY EFFICIENCY PROGRAMS

This Joint Proposal ("Joint Proposal") is made as of the 31st day of May, 2007 by and among The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York (KEDNY) and KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island (KEDLI), National Grid plc, the Staff of the New York State Department of Public Service (Staff), the New York State Consumer Protection Board, the City of New York, the County of Nassau, the County of Suffolk, the Natural Resources Defense Council, Pace Energy Project, the Public Utility Law Project, the Association for Energy Affordability and the International Brotherhood of Electrical Workers, Locals 1049 & 1381 (collectively referred to herein as "the Signatory Parties").

I. Overview

This Joint Proposal arises within the rate proceedings of KEDNY and KEDLI in Cases 06-G-1185 and 06-G-1186. A Notice of Impending Negotiations was sent to all persons reasonably known to have an interest in the outcome of negotiations and was duly filed with the Secretary by letter dated November 28, 2006. After notice to the parties, settlement conferences were held among the parties that desired to participate. Settlement is now feasible because, after thorough investigation and discussion, the Signatory Parties hereto more fully understand their respective positions and recognize that reasonable settlement of the discrete issues addressed herein is possible. The Signatory Parties hereto also believe that this Joint Proposal will further the objective of giving fair consideration to the interests of customers and utility investors alike in assuring the provision of safe and adequate service at just and reasonable rates. This Joint Proposal provides the framework under which KEDNY and KEDLI will implement gas energy efficiency programs in their service territories on an interim basis commencing August 1, 2007, or as soon thereafter as the Commission adopts the terms of this Joint Proposal.

II. Interim Programs

The Signatory Parties agree that the public interest would be served by KEDNY and KEDLI undertaking "Interim Energy Efficiency Programs" subject to the recovery of operating costs and lost revenues, as defined below. Therefore, the Signatory Parties agree that commencing August 1, 2007, or as soon thereafter as the Commission adopts the terms of this Joint Proposal, KEDNY shall undertake in its service territory Interim Energy Efficiency Programs budgeted at $10 million, with the expectation that the programs so undertaken would be under way in advance of the 2007-08 winter season and would ramp up to the $10 million budget amount as soon as administratively possible. The Signatory Parties also agree that commencing August 1, 2007, or as soon thereafter as the Commission adopts the terms of this Joint Proposal, KEDLI shall undertake in its service territory Interim Energy Efficiency Programs budgeted at $5 million, with the expectation that the programs so undertaken would be under way in advance of the 2007-08 winter season and would ramp up to the $5 million budget amount as soon as administratively possible. Nothing in this Joint Proposal would require KEDNY or KEDLI to spend more than the above-stated budget amounts respectively of $10 million and $5 million while the Interim Energy Efficiency Programs are in effect.

KEDNY and KEDLI will provide the active parties to Cases 06-G-1185 and 06-G-1186 with bimonthly reports including monthly and program-to-date figures for each of the fifteen programs showing customer/project/installation numbers, amounts expended, projected gas savings, projected lost revenue, and any other energy efficiency implementation and/or operating costs for which they intend to seek recovery.

III. Program Design

To ensure efficient implementation on an interim basis, the program design of the Interim Energy Efficiency Programs will be based on cost-effective energy efficiency programs that satisfy the Total Resource Cost Test and that have been implemented in KeySpan Corporation's New England service territories, as shown in "Appendix A" attached hereto. KEDNY and KEDLI will coordinate with the other providers of energy efficiency programs in their service territories, to wit: New York State Energy Research Development Authority, Consolidated Edison Company of New York, Inc., the Long Island Power

Authority, the New York State Department of Housing and Community Renewal (Weatherization Program), and local weatherization subgrantee agencies to avoid duplication, to enhance efficiency in the provision of programs, to take advantage of existing opportunities which could be implemented by or through such other programs, and to customize program design and implementation to their service territories to the extent practicable given the objective of having the Interim Energy Efficiency Programs measures under way in advance of the 2007-08 winter season. In addition, KEDNY and KEDLI will coordinate with the City of New York and Counties of Nassau and Suffolk, which entities possess unique information regarding customer planning and economic development, to customize program design and implementation to their service territories to the maximum extent practicable given the objective of having the Interim Energy Efficiency Programs measures under way in advance of the 2007-08 winter season, and in order to maximize the effectiveness of the energy efficiency programs.

For the purposes of the Interim Energy Efficiency Programs, customers (or potential customers) converting or replacing equipment using oil as fuel to that using gas as a fuel will not be eligible for incentives or other benefits under the interim programs. This exclusion shall apply regardless of whether the customer (or potential customer) has already decided to convert or replace equipment using oil as fuel to that using gas as a fuel and is merely seeking an incentive to obtain more efficient gas equipment than the customer (or potential customer) would otherwise choose. This exclusion will apply only to the Interim Energy Efficiency Programs and will not bind the design of future programs.

IV. Recovery of Operating Costs

KEDNY will be allowed to defer up to a maximum of $10 million in actual operating costs to implement its Interim Energy Efficiency Program, net of the associated deferred New York State and federal income taxes, plus carrying charges at the same rate as the allowance for funds used during construction (AFUDC), for later recovery from customers. KEDLI will be allowed to defer up to a maximum of $5 million in actual operating costs to implement its Interim Energy Efficiency Program, net of the associated deferred New York State and federal income taxes, plus carrying charges at the same rate as the allowance for funds used during construction (AFUDC), for later recovery from customers. The Signatory Parties intend that recovery of the Interim Energy Efficiency Program operating costs will occur as part of and in the same manner as recovery of operating costs for future non-interim energy efficiency programs, once said non-interim programs are approved by the Commission, provided that nothing therein will prevent full recovery from customers of the Interim Energy Efficiency Program operating costs. KEDNY and KEDLI will maintain books and records sufficient to document every calculation necessary to determine actual operating costs to implement the Interim Energy Efficiency Programs. Such books and records shall be made available to the Signatory Parties whenever requested.

V. Interim Lost Revenue

For purposes of this Joint Proposal and the Interim Energy Efficiency Programs, "Interim Lost Revenue" will be defined as calculated below. KEDNY will be allowed to defer its Interim Lost Revenue associated with actual implementation of the Interim Energy Efficiency Programs, net of the associated deferred New York State and federal income taxes, plus carrying charges at the same rate as the allowance for funds used during construction (AFUDC), for later recovery from customers. KEDLI will be allowed to defer its Interim Lost Revenue associated with actual implementation of the Interim Energy Efficiency Programs, net of the associated deferred New York State and federal income taxes, plus carrying charges at the same rate as the allowance for funds used during construction (AFUDC), for later recovery from customers. The Signatory Parties intend that recovery of Interim Lost Revenue will occur as part of and in the same manner as recovery of operating costs for future non-interim energy efficiency programs, once said non-interim programs are approved by the Commission, provided that nothing therein will prevent full recovery from customers of the Interim Lost Revenue.

Interim Lost Revenue will be calculated monthly for all energy efficiency measures installed under the Interim Energy Efficiency Programs. A measure shall be deemed “installed” for the purposes of calculating Interim Lost Revenue for the month if the measure was actually installed prior to the first day of the month. For each installed energy efficiency measure, the Interim Lost Revenue will be the product of the stipulated energy savings for each installed measure set forth in Table 1 of “Appendix B” attached hereto and the stipulated rate set forth in Table 2 of “Appendix B” attached hereto. KEDNY and KEDLI will maintain books and records sufficient to document each installed measure and to audit every calculation necessary to determine Interim Lost Revenues. Such books and records shall be made available to the Signatory Parties whenever requested.

VI. Interim Provisions to be Superseded

It is the intent of the Signatory Parties that the interim budget levels contained in this Joint Proposal will be superseded by future non-interim budget levels that will be included in the multi-year rate plans that the Signatory Parties anticipate filing with the Commission in these proceedings in the near future, once non-interim budget levels are approved by the Commission and made to take effect. At such time of taking effect, it is the intent of the Signatory Parties that any operating costs incurred during the interim period shall be considered to have been spent as part of the budgets for the first year of the future budgets.

It is the intent of the Signatory Parties that the interim program design elements contained in this Joint Proposal will be superseded by new non-interim program design elements resulting from a “collaborative” to be undertaken by the parties to Cases 06-G-1185 and 06-G-1186 regarding energy efficiency program design once such new non-interim programs are approved by the Commission. The Signatory Parties agree to commence, and work in good faith to complete, the work of the collaborative as soon as they can and to adopt a schedule for the collaborative that will ensure that the collaborative can be completed by November 16, 2007 so that the results of the collaborative can be presented to the Commission in a time frame that will inform the Commission’s determinations with respect to the energy efficiency provisions of the pending multi-year rate plans for KEDNY and KEDLI. For example, it is anticipated by the Signatory Parties that program development by the collaborative may provide for a basis for changing the targeted budgets included in the multi-year rate plans for KEDNY and KEDLI.

It is the intent of the Signatory Parties that cost recovery mechanisms designed to permit KEDNY and KEDLI to recover (i) the operating costs deferred in accordance with Section IV of this Joint Proposal and the Interim Lost Revenues deferred in accordance with Section V of this Joint Proposal, and (ii) prospective operating costs and lost revenues associated with the non-interim energy efficiency programs described in the previous paragraph will be implemented at such time as the Commission acts upon the multi-year plans that the

Signatory Parties anticipate filing with the Commission in these proceedings in the near future. Until such time as the Commission approves such mechanisms, KEDNY and KEDLI may continue to defer operating costs and Interim Lost Revenues.

It is the intent of the Signatory Parties that the methodology for determining Interim Lost Revenues as described in the second paragraph of Section V of this Joint Proposal will be superseded by a new methodology that will take effect on such date as the multi-year plans for KEDNY and KEDLI take effect. The new methodology will be used to determine any "Prospective Lost Revenues" to be recovered. It is the intent of the Signatory Parties that the details of this new methodology for calculating Prospective Lost Revenues be determined in the "collaborative" to be undertaken in Cases 06-G-1185 and 06-G-1186 regarding rate design/revenue allocation/revenue decoupling and approved by the Commission. Even if the results of that collaborative are not completed and approved by the Commission as of the date that the anticipated multi-year rate plans take effect, it is the intent of the Signatory Parties that, once it is approved by the Commission, the new methodology will apply from the date that the multi-year rate plans take effect. Notwithstanding the foregoing, if the Commission determines that the new methodology for determining Prospective Lost Revenues should not take effect as of the date that the multi-year rate plans take effect, then such methodology will take effect as of the date established by the Commission, and KEDNY and KEDLI will continue to retain the right to calculate and defer Interim Lost Revenues in the manner set forth in this Joint Proposal until the new methodology approved by the Commission takes effect.

VII. General Provisions

The Signatory Parties believe that the record in this proceeding fully justifies the approval of this Joint Proposal. It is the intent of the Signatory Parties that the provisions of this Joint Proposal be approved by the Commission as being in the public interest. The Signatory Parties agree to submit this Joint Proposal to the Commission along with a request that the Commission adopt the terms and provisions of this Joint Proposal as set forth herein.

It is understood that each provision of this Joint Proposal is in consideration and support of all of the other provisions of this Joint Proposal and is expressly conditioned upon approval of the terms of this Joint Proposal in full by the Commission. If the Commission fails to adopt the terms of this Joint Proposal, the parties to the Joint Proposal shall be free to pursue their respective positions in these proceedings without prejudice.

The terms and provisions of this Joint Proposal apply solely to, and are binding only in, the context of the purposes of this Joint Proposal. None of the terms or provisions of this Joint Proposal and none of the positions taken herein by any party may be cited or relied upon in any fashion as precedent in any other proceeding before this Commission or any other regulatory agency or before any court of law for any purpose, except in furtherance of ensuring the effectuation of the purposes and results of this Joint Proposal.

The Signatory Parties recognize that certain provisions of this Joint Proposal contemplate actions to be taken in the future to effectuate fully this Joint Proposal. Accordingly, the Signatory Parties agree to cooperate with each other in good faith in taking such actions.

In the event of any disagreement over the interpretation of this Joint Proposal or implementation of any of the provisions of this Joint Proposal, which cannot be resolved informally among the Signatory Parties, such disagreement shall be resolved in the following manner: (a) the Signatory Parties shall promptly convene a conference and in good faith attempt to resolve any such disagreement; and (b) if any such disagreement cannot be resolved by the Signatory Parties, any Signatory Party may petition the Commission for resolution of the disputed matter.

This Joint Proposal contains the entire agreement of the Signatory Parties regarding the matters contained herein and supersedes and replaces any and all prior or contemporaneous written and verbal agreements or understandings.

Nothing in this Joint Proposal shall prohibit the Commission (upon its own motion or upon motion of a Signatory Party) from exercising its ongoing statutory authority to act on the level of KEDNY’s gas rates in the event of unforeseen circumstances that, in the Commission's judgment, have such a substantial impact on the rate of return as to render the return on the common equity devoted to KEDNY’s gas operations unreasonable, unnecessary, or inadequate for the provision of safe and adequate service. Nothing in this Joint Proposal shall prohibit the Commission (upon its own motion or upon motion of a Signatory Party) from exercising its ongoing statutory authority to act on the level of KEDLI’s gas rates in the event of unforeseen circumstances that, in the Commission's judgment, have such a substantial impact on the rate of return as to render the return on the common equity devoted to KEDLI’s gas operations unreasonable, unnecessary, or inadequate for the provision of safe and adequate service.

This Joint Proposal is being executed in counterpart originals, and will be binding on each Signatory Party when the counterparts have been executed.

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York and KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
National Grid plc

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
Staff of the New York State Department of Public Service

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____

New York State Consumer Protection Board

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____

City of New York

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____

County of Nassau

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____

County of Suffolk

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
Natural Resources Defense Council

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
Pace Energy Project

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
Public Utility Law Project

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
Association for Energy Affordability

Date: ___________________________________

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed and executed this Joint Proposal.

____
International Brotherhood of Electrical Workers
Locals 1049 & 1381

Date: __________________________________

APPENDIX A

Part One - Energy Efficiency Program Descriptions

Low Income Sector Program

Low Income

The Residential Low-Income program allows eligible customers to receive up to $4,500 in qualifying measures. The measures eligible to be provided through the program include an energy audit, attic insulation, wall insulation, air sealing, heating system repair/replacement (on a qualifying basis), and safety inspections. Small energy-related repairs for eligible heating units can also be performed, excluding asbestos removal and electrical work. Homes with heating units that do not qualify for a program heating system measure, may be eligible for air sealing and general heat waste measures. Single family homes are eligible for up to three hours of professional air sealing and general heat waste measures. To maximize the services provided, whenever possible program funds are leveraged with DOE weatherization funds.

Residential Sector Programs

Weatherization

The Residential Weatherization program provides a rebate of 20% of the cost of installing weatherization measures in a residential heating customer's home built prior to inception of the most recent building energy code. The maximum rebate available to a customer under this program is $750. Measures eligible for a rebate under the program include: attic insulation, wall insulation, basement/crawl space insulation, rim joist insulation, duct insulation, heating system pipe insulation, attic ventilation (only in conjunction with attic insulation), ductwork leakage testing, ductwork leakage sealing, air infiltration testing, and air infiltration sealing. To be eligible for a rebate, a KeySpan pre-qualified contractor must be chosen to install program measures. Do-it-yourself work will not be allowed through the program.

High Efficiency Heating

Heating equipment is typically the largest energy user in the home. If a natural gas furnace or boiler is more than 20 years old, it is probably running very inefficiently compared to today's models. One way to help offset the rising cost of energy and significantly reduce heating costs is to replace an old furnace or boiler with new high-efficiency heating equipment. A cash REBATE of up to $800 is available to KeySpan's residential heating customers, builders or homeowners who install high-efficiency natural gas heating equipment. To qualify, all equipment, where applicable, must meet the Energy Star guidelines for heating equipment.

High Efficiency Water Heating

Indirect water heaters use the home's boiler or furnace as the heat source. In boiler systems, hot water from the boiler is circulated through a heat exchanger in a separate insulated tank. In the less common furnace-based systems, water in a heat exchanger coil circulates through the furnace to be heated, then through the water storage tank. Since hot water is stored in an insulated storage tank, the boiler or furnace does not have to turn on and off as frequently, improving its fuel economy. Indirect water heaters, when used in combination with new, high-efficiency boilers or furnaces, are an efficient way to provide hot water. KeySpan customers installing an indirect water heater are eligible for a $300 rebate. On-demand tankless hot water systems are changing the way modern homes meet their hot water needs. Tankless systems use a high capacity gas burner and automatic controls to heat water on demand. Unlike standard water heaters that have a reservoir of water which is constantly reheated, tankless systems start the heating process only when the unit senses a demand for hot water. The Company will provide an incentive of $300 for tankless water heaters with an Energy Factor of 0.82 or greater and an electronic ignition.

Energy Audit/Home Performance
There are two levels (tiers) of service provided by this program. Tier One screening offers referrals to educational web sites and information about DSM programs and captures requests for literature such as the DOE "Energy Savers" booklet. Technical assistance regarding installation of energy savings measures is also available by phone. The Company has adopted a customized version of the online audit tool to guide the customer through Tier One. The tool provides the customer service representative (CSR) with discussion points along the way that allows her/him to engage the customer in a dialog that may lead to a better understanding of that particular customer's needs. For example, a customer may call to request an in home assessment when all he/she really needs is the list of contractors who participate in the Company's Weatherization program because he/she knows the home needs air sealing and insulation and plans to install them. Ultimately, the combination of information collected by Tier One staff and customer requests may result in a referral to Tier Two services. Tier Two services consist of a Home Energy Assessment (HEA) and installation of high quality, low cost energy efficiency Instant Savings Measures (ISMs) that have an average total value of $20 to $30. Recommendations will be made to customers on which major measure installations should be undertaken in order to achieve cost effective energy savings. Referral to the Company's other energy efficiency programs will be provided at the time of audit. Customer follow-up will also occur post-audit in order to help drive implementation percentages higher.

ENERGY STAR® Products
The ENERGY STAR Products program provides home heating customers with a rebate for the purchase and installation of ENERGY STAR labeled programmable thermostats. Through this program, customers are eligible for a $25 mail-in rebate for installation of up to two ENERGY STAR qualified programmable clock thermostats. Eligible thermostats may be installed by homeowners, heating contractors, or energy auditors. In addition to mail-in rebates, instant rebates in the form of point-of-sale discounts are available through heating contractors and energy auditors. The program will also provide customers who install boiler reset controls to their home heating system with a $100 rebate. In addition, the Company will provide customers who install ENERGY STAR Replacement Windows with a $10 mail-in rebate per window.. Eligible participants must be residential heating customers who have installed ENERGY STAR labeled windows with an U-factor of .35 or less.1 When applying for the window rebate, customers are required to submit the rebate application with proof-of-purchase and a copy of the National Fenestration Rating Council ("NFRC") label(s) from the window(s) which were

[1] U-Factor = Measurement of thermal conductivity. A lower U-factor indicates a higher level of window insulation.

purchased and installed. In order to ensure that prospective windows are installed as reported, the Company conducts inspections of the first two installations per new participating installation contractor, as well as random inspections of self-installations at 20% of the program's participation rate.

ENERGY STAR® Homes
The ENERGY STAR Homes Program offers incentives to home buyers and home builders to promote the construction of homes which meet national ENERGY STAR Home's energy efficiency standards. ENERGY STAR Homes are nationally recognized for lower operating costs and energy consumption, increased durability, comfort, safety and greater resale value. ENERGY STAR Homes feature some of the industry's best building practices and technologies, including increased insulation levels, high-efficiency heating and air conditioning equipment, superior duct systems, and high performance windows. All segments of the housing market are eligible to participate in this program, including new as well as existing residential single family and multifamily dwellings, townhouses and condominium developments. Participants in the program receive design and technical support services, testing and inspection of energy efficiency measures, and an ENERGY STAR Homes certification following the passing of the ENERGY STAR Homes rating test.

Energy Analysis: Internet Audit
Residential customers will be directed to www.freeenergyanalysis.com/keyspan to log on and receive a quick assessment of their home's energy use, how it compares to homes similar to theirs, and tips on how to save energy. Users can choose to continue on to complete a more comprehensive analysis and get more detailed recommendations. The tool will help customers identify more ways to save by answering questions about their heating and cooling equipment, weatherization, hot water, kitchen appliances, lighting, and more. Customers will receive energy saving tips, simple pay backs using the offset in their energy bills, and direction to take advantage of KeySpan's energy saving rebates. The program will also be offered in Spanish as well at www.freeenergyanalysis.com/keyspanspanish

Building Practices and Demonstrations
The Building Practices and Demonstration Program for residential markets will explore and demonstrate new and/or underutilized energy efficient procedures and equipment, including renewable energy system processes. In the first year, the Building Practices and Demonstration Program will work to identify which technologies or building techniques would be well suited for use and installation. Eligible participants in this program will include home owners, landlords, as well as home builders. Each participant may be asked to allow monitoring of the installation and/or results, provide tours of the installation by potential users or other interested stakeholders, and publication of the results in case study format.

Commercial and Multifamily Sector Programs

1. Commercial Energy Efficiency

The Commercial Energy Efficiency Program provides support services and financial incentives that encourage the Company's commercial and industrial customers to install energy efficient

related natural gas equipment. Virtually any energy efficient technology or system design that exceeds the minimum requirements of the local energy code and which is not covered by another Company program offering, may be eligible for a rebate under this program. The program is open to all firm gas customers on a commercial tariff. Rebate incentives provided through the program must be pre-approved by the Company and/or the administrative vendor prior to delivery or installation of product (s) or service(s).
This program provides no cost energy audits, engineering grant assistance and financial incentives to help fund qualifying energy saving measures. Under this program customers may be eligible to receive up to 50% of the installation costs up to $100,000 per project.

Economic Redevelopment
This program targets commercial properties located in designated economic development areas. Working through Chambers of Commerce and other economic development organizations, KeySpan will fund qualifying energy savings measures that increase the energy efficiency of the building. These projects receive energy efficiency advising through an energy audit or engineering grant process. Projects also receive financial assistance to install qualifying energy saving measures, up to 50% of the installation cost up to a maximum of $100,000. Participation is limited.

Commercial High-Efficiency Heating

The Commercial High-Efficiency Heating program offers rebates to commercial, industrial, governmental, institutional, non-profit and multifamily facilities that install high-efficiency heating equipment. The rebates are provided to reduce the incremental cost between standard and high-efficiency equipment. Eligible products include furnaces, boilers, infrared heaters and water heaters. Rebate amounts vary according to the size and type of the heating equipment installed with a range of $150 to $6000. The Commercial High-Efficiency Heating Rebate Program efficiency ratings for smaller heating equipment (up to 300,000 btuh input) are measured using AFUE ratings. Efficiency ratings for larger heating equipment, which exceeds the size ranges for AFUE, will be measured using a thermal efficiency or steady state rating. The Company reserves the right to negotiate a lower rebate amount per-unit for multiple installations at a single site. This practice ensures that rebate dollars are helping participants reduce the true incremental costs of installing high-efficiency heating equipment.

Multifamily
The Multifamily Housing Program offers energy audits and financial incentives for energy saving measures to multifamily facilities that are on a qualifying commercial rate. Examples of projects that qualify for funding through this program include redesign of space heating or water heating systems, steam system upgrades, building insulation, premium efficiency windows and doors. Programmable thermostats, heat recovery ventilation systems, digital energy management systems, or sophisticated burners and/or controls for boilers. Customers will be eligible to receive rebates up to 50% of the installation costs up to $100,000 to assist with the installation of qualifying energy saving measures.

Building Practices and Demonstrations
KeySpan identifies a few special projects each year to participate in the Building Practices and Technology Demonstration Program. Projects either showcase a new or underutilized

technology available to the marketplace or a customer's new and innovative building energy operating methodology. The program is designed to promote the installation of new, emerging or underutilized gas related energy efficiency technologies and operating practices. These projects become case study examples for incorporating new technologies or improving practices in the energy efficiency program portfolio. These projects may be eligible to receive up to 50% of project costs up to $100,000. Participation is limited.

Energy Analysis: Internet Audit

Customer who log onto www.freeenergyanalysis.com/keyspanbusiness have the opportunity to learn about energy savings as it relates to both their facility and their industry, the flexibility of addressing energy concerns at their leisure, and the ability to return to the site and review the recommendations. The tool allows customers to input their utility data or use simulated data to generate results. The tool also provides customers a vehicle to identify which energy saving rebates they may be eligible for from KeySpan Energy Delivery. In addition to the energy saving recommendations, customers will receive simple pay backs using the projected offset in their energy bills and be directed to take advantage of the energy efficiency rebates for qualifying measures.

Part Two – Illustrative-Only Initial Budget Breakdown

	KEDNY	KEDLI
Low Income Total	**$2,941,177**	**$1,470,588**
Residential Total	**$1,944,706**	**$1,525,588**
Weatherization	$291,706	$228,838
High Efficiency Heating	$680,647	$533,956
High Efficiency Water Heating	$116,682	$91,535
Energy Audit/Home Performance	$388,941	$305,118
Energy Star Products	$291,706	$122,047
Energy Star Homes	$97,235	$183,071
Energy Analysis: Internet Audit	$38,894	$30,512
Building Practices & Demonstrations	$38,894	$30,512
Multifamily and C&I Total	**$5,114,118**	**$2,003,824**
Comm Energy Efficiency Program	$645,562	$466,224
Economic Redevelopment	$464,835	$240,650
Comm High Efficiency Heating	$967,118	$395,421
Multifamily	$2,427,473	$641,224
Building Practices & Demo	$204,564	$105,153
Energy Analysis: Internet Audit	$404,564	$155,153
Grand Total	**$10,000,000**	**$5,000,000**

Note: All budget figures shown include costs for administration and evaluation.

Part Three - Applicable Service Classes for Interim Energy Efficiency Programs

Note: Applicability also applies to accompanying transportation classes.	**KEDNY**	**KEDLI**
Low Income	1A, 1B, 1AR & 1BR	1A & 1B
Residential		
Weatherization	1B, 1BI & 7	1B
High Efficiency Heating	1B & 7	1B
High Efficiency Water Heating	1A, 1B, 1BI & 7	1A & 1B
Energy Audit/Home Performance	1A, 1B, 1BI & 7	1A & 1B
Energy Star Products	1A, 1B, 1BI & 7	1A & 1B
Energy Star Homes	1B, 1BI & 7	1B
Energy Analysis: Internet Audit	1A, 1B, 1BI & 7	1A & 1B
Building Practices & Demonstrations	1A, 1B, 1BI & 7	1A & 1B
Multifamily and C&I		
Comm Energy Efficiency Program	2-1, 2-2, 4A, 4B & 7	2A, 2B, 15 & 16
Economic Redevelopment	2-1, 2-2, 4A, 4B & 7	2A, 2B, 15 & 16
Comm High Efficiency Heating	2-2, 4A, 4B & 7	2B, 15 & 16
Multifamily	3	3
Building Practices & Demo	2-1, 2-2, 4A, 4B & 7	2A, 2B, 15 & 16
Energy Analysis: Internet Audit	2-1, 2-2, 4A & 4B	2A, 2B, 15 & 16

APPENDIX B

Table 1 - Stipulated Energy Savings For Each Installed Measure

KEDNY	Jan	Feb	Mar	Apr	May	Jun
Low Income	72.5*	60.6*	49.4*	25.7*	8.9*	1.2*
Residential						
Weatherization	78.9	65.9	53.8	28.0	9.7	1.3
High Efficiency Heating	35.4	29.6	24.1	12.6	4.3	0.6
High Efficiency Water Heating	6.6	6.6	6.6	6.6	6.6	6.6
Energy Audit/Home Performance	78.9	65.9	53.8	28.0	9.7	1.3
Energy Star Products	16.1	13.4	11.0	5.7	2.0	0.3
Energy Star Home	58.8	49.1	40.0	20.9	7.2	1.0
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0
Building Practices & Demonstrations	75.1	62.7	51.1	26.7	9.2	1.2
Multi-Family, Commercial & Industrial						
Commercial Energy Efficiency Program	1,000.8	836.1	681.5	355.4	122.8	16.2
Economic Redevelopment	3,042.9	2,542.2	2,072.2	1,080.7	373.4	49.2
Commercial High Efficiency Heating	207.8	173.6	141.5	73.8	25.5	3.4
Multi-Family	1,000.8	836.1	681.5	355.4	122.8	16.2
Building Practices & Demo	5,444.8	4,548.7	3,707.8	1,933.7	668.1	88.1
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0

KEDNY	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Low Income	0.0*	0.1*	2.8*	19.0*	36.9*	60.9*	338.0*
Residential							
Weatherization	0.0	0.1	3.0	20.6	40.2	66.4	367.9
High Efficiency Heating	0.0	0.0	1.4	9.3	18.0	29.8	165.1
High Efficiency Water Heating	6.6	6.6	6.6	6.6	6.6	6.6	79.2
Energy Audit/Home Performance	0.0	0.1	3.0	20.6	40.2	66.4	367.9
Energy Star Products	0.0	0.0	0.6	4.2	8.2	13.5	75.0
Energy Star Home	0.0	0.1	2.3	15.4	29.9	49.4	274.1
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Practices & Demonstrations	0.0	0.1	2.9	19.6	38.3	63.1	350.0
Multi-Family, Commercial & Industrial							
Commercial Energy Efficiency Program	0.6	1.2	38.4	261.7	510.0	841.3	4,666.0
Economic Redevelopment	1.8	3.6	116.7	795.7	1,550.6	2,558.0	14,187.0
Commercial High Efficiency Heating	0.1	0.2	8.0	54.4	105.9	174.7	968.9
Multi-Family	0.6	1.2	38.4	261.7	510.0	841.3	4,666.0
Building Practices & Demo	3.3	6.5	208.7	1,423.8	2,774.5	4,577.0	25,385.0
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0	0.0

APPENDIX B

KEDLI	Jan	Feb	Mar	Apr	May	Jun
Low Income	72.5*	60.6*	49.4*	25.7*	8.9*	1.2*
Residential						
Weatherization	78.9	65.9	53.8	28.0	9.7	1.3
High Efficiency Heating	35.4	29.6	24.1	12.6	4.3	0.6
High Efficiency Water Heating	6.6	6.6	6.6	6.6	6.6	6.6
Energy Audit/Home Performance	78.9	65.9	53.8	28.0	9.7	1.3
Energy Star Products	16.1	13.4	11.0	5.7	2.0	0.3
Energy Star Home	58.8	49.1	40.0	20.9	7.2	1.0
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0
Building Practices & Demonstrations	75.1	62.7	51.1	26.7	9.2	1.2
Commercial & Industrial						
Commercial Energy Efficiency Program	1,000.8	836.1	681.5	355.4	122.8	16.2
Economic Redevelopment	3,042.9	2,542.2	2,072.2	1,080.7	373.4	49.2
Commercial High Efficiency Heating	73.1	61.1	49.8	26.0	9.0	1.2
Multi-Family	1,000.8	836.1	681.5	355.4	122.8	16.2
Building Practices & Demo	5,444.8	4,548.7	3,707.8	1,933.7	668.1	88.1
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0

KEDLI	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Low Income	0.0*	0.1*	2.8*	19.0*	36.9*	60.9*	338.0*
Residential							
Weatherization	0.0	0.1	3.0	20.6	40.2	66.4	367.9
High Efficiency Heating	0.0	0.0	1.4	9.3	18.0	29.8	165.1
High Efficiency Water Heating	6.6	6.6	6.6	6.6	6.6	6.6	79.2
Energy Audit/Home Performance	0.0	0.1	3.0	20.6	40.2	66.4	367.9
Energy Star Products	0.0	0.0	0.6	4.2	8.2	13.5	75.0
Energy Star Home	0.0	0.1	2.3	15.4	29.9	49.4	274.1
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Practices & Demonstrations	0.0	0.1	2.9	19.6	38.3	63.1	350.0
Commercial & Industrial							
Commercial Energy Efficiency Program	0.6	1.2	38.4	261.7	510.0	841.3	4,666.0
Economic Redevelopment	1.8	3.6	116.7	795.7	1,550.6	2,558.0	14,187.0
Commercial High Efficiency Heating	0.0	0.1	2.8	19.1	37.3	61.5	341.0
Multi-Family	0.6	1.2	38.4	261.7	510.0	841.3	4,666.0
Building Practices & Demo	3.3	6.5	208.7	1,423.8	2,774.5	4,577.0	25,385.0
Energy Analysis: Internet Audit	0.0	0.0	0.0	0.0	0.0	0.0	0.0

***Note: The Low Income figures shown are for multiple measures and in application are to be further broken down by applying the figures in the column applicable to the particular measures actually installed.**

Table 2 - Stipulated Rates for the Calculation of Interim Lost Revenues

Note: Rate also applies to accompanying transportation classes.	
KEDNY Service Classes	**Rate/Therm**
SC-1A – Residential Non-Heating	$0.4380
SC-1B – Residential Heating	$0.3550
SC-1AR – Residential Non Heating Reduced Rate	$0.4380
SC-1BI – 3-5 Family Residential Heating Conversion	$0.2250
SC-1BR – Residential Heating Reduced Rate	$0.3150
SC-2-1 – General Service Non-Residential Non-Heating	$0.3180
SC-2-2 – General Service Non-Residential Heating	$0.3030
SC-3 – Heating and/or Water Heating (Multi-family Buildings)	$0.2200
SC-4A – High Load Factor	$0.1550
SC-4B – Year-Round Air Conditioning Service (Non-Residential)	$0.3090
SC-7 – Seasonal Off-Peak	$0.2220
KEDLI Service Classes	**Rate/Therm**
SC-1A - Residential Non-Heating	$0.4114
SC-1B - Residential Heating	$0.4114
SC-2A - Non-Residential Non-Heating	$0.3837
SC-2B - Non-Residential Heating	$0.3289
SC-3 - Multiple Dwelling	$0.1719
SC-15 – High Load Factor	$0.1300
SC-16 – Year-Round Space Conditioning	$0.2950

Sample Calculation of Interim Lost Revenue

In this example, KEDNY installs one Residential High Efficiency Water Heating measure for an SC-1A customer in January and one Residential High Efficiency Water Heating measure for an SC-1B customer in February.

For January, the Interim Lost Revenue is $2.89, calculated as follows:

Stipulated Energy Savings for each installed Residential High Efficiency Water Heating measure for January: 6.6 therms
SC-1A Rate/Therm: $0.4380

1 X 6.6 therms X $0.4380 = $2.89

For February, the Interim Lost Revenue is $5.23, calculated as follows:

Stipulated Energy Savings for each installed Residential High Efficiency Water Heating measure for February: 6.6 therms
SC-1A Rate/Therm: $0.4380
SC-1B Rate/Therm: $0.3550

1 X 6.6 therms X $0.4380 = $2.89
1 X 6.6 therms X $0.3550 = $2.34
$2.89 + $2.34 = $5.23