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KEYSPAN ENERGY DELIVERY NEW ENGLAND
ALLOCATED COST OF SERVICE STUDY
FOR THE 12 MONTHS ENDING DECEMBER 31, 2002
$000

	ALLOC	TOTAL COMPANY	RESIDENTIAL NON-HEATING (RATE R-01)			RESIDENTIAL HEATING (RATE R-03)		
			PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
DEVELOPMENT OF REVENUE REQUIREMENTS								
1 **RATE BASE**		212,483	14,429	14,412	28,841	70,559	70,149	140,708
2 NET OPER INC (PRESENT RATES)		(49,852)	(1,981)	(1,892)	(3,873)	(20,694)	(17,469)	(38,164)
3 RATE OF RETURN (ACTUAL)		-23.462%	-13.729%	-13.130%	-13.429%	-29.329%	-24.903%	-27.123%
4 RELATIVE RATE OF RETURN		1.00	0.59	0.56	0.57	1.25	1.06	1.16
5 **SALES REVENUE (PRES RATES)**		**83,307**	**8,240**	**8,155**	**16,396**	**21,327**	**21,102**	**42,429**
6								
7 RETURN ADJUSTMENT TO EQUAL								
8 TOT COMPANY RATE OF RETURN		0	(1,404)	(1,489)	(2,893)	4,140	1,011	5,151
9 REVENUE ADJUSTMENT TO EQUAL								
10 TOT COMPANY RATE OF RETURN		0	(1,404)	(1,489)	(2,893)	4,140	1,011	5,151
11								
12 CLAIMED RATE OF RETURN								
13								
14 CLAIMED RATE OF RETURN		10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%
15 RETURN REQ FOR CLAIMED ROR		21,525	1,462	1,460	2,922	7,148	7,106	14,254
16 **SALES REVENUE REQ CLAIMED ROR**		**200,966**	**13,919**	**13,685**	**27,605**	**67,209**	**61,609**	**128,818**
17 **REVENUE DEFICIENCY SALES REV**		**117,659**	**5,679**	**5,530**	**11,209**	**45,882**	**40,507**	**86,390**
18 PERCENT INCREASE REQUIRED		141.23%	68.92%	67.81%	68.37%	215.14%	191.96%	203.61%
19 ANNUAL SALES VOLS - BBTUS		79,845	1,811	1,199	3,010	32,208	7,990	40,198
20 SALES REV REQUIRED ($/MMBTU)		$2.52	$7.68	$11.41	$9.17	$2.09	$7.71	$3.20
21 REV DEFIC PER BILLING UNIT		-$1.47	-$3.14	-$4.61	-$3.72	-$1.42	-$5.07	-$2.15
22								
23 NET REVENUE REQUIREMENT		200,965,732	13,919,460	13,685,335	27,604,795	67,209,007	61,609,381	128,818,389
24 No. of Customers					159,980			348,698
25 Customer Charge					14.38			30.79

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FOR THE 12 MONTHS ENDING DECEMBER 31, 2002
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		TOTAL RESIDENTIAL			LOW LOAD FACTOR LLF-SMALL (RATE G-41)			LOW LOAD FACTOR LLF-MEDIUM (RATE G-42)		
	ALLOC	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL
		(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
DEVELOPMENT OF REVENUE REQUIREMENTS										
1 **RATE BASE**		84,988	84,561	169,548	6,474	6,449	12,922	3,900	3,847	7,746
2 NET OPER INC (PRESENT RATES)		(22,675)	(19,362)	(42,037)	(1,541)	(1,412)	(2,953)	(1,027)	(619)	(1,646)
3 RATE OF RETURN (ACTUAL)		-26.681%	-22.897%	-24.793%	-23.807%	-21.894%	-22.852%	-26.340%	-16.101%	-21.255%
4 RELATIVE RATE OF RETURN		1.14	0.98	1.06	1.01	0.93	0.97	1.12	0.69	0.91
5 **SALES REVENUE (PRES RATES)**		**29,567**	**29,257**	**58,824**	**2,774**	**2,639**	**5,413**	**1,672**	**1,627**	**3,298**
6										
7 RETURN ADJUSTMENT TO EQUAL										
8 TOT COMPANY RATE OF RETURN		2,736	(478)	2,258	22	(101)	(79)	112	(283)	(171)
9 REVENUE ADJUSTMENT TO EQUAL										
10 TOT COMPANY RATE OF RETURN		2,736	(478)	2,258	22	(101)	(79)	112	(283)	(171)
11										
12 CLAIMED RATE OF RETURN										
13										
14 CLAIMED RATE OF RETURN		10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%
15 RETURN REQ FOR CLAIMED ROR		8,609	8,566	17,175	656	653	1,309	395	390	785
16 **SALES REVENUE REQ CLAIMED ROR**		**81,128**	**75,295**	**156,423**	**6,395**	**6,043**	**12,438**	**4,016**	**3,291**	**7,306**
17 **REVENUE DEFICIENCY SALES REV**		**51,561**	**46,037**	**97,599**	**3,621**	**3,404**	**7,026**	**2,344**	**1,664**	**4,008**
18 PERCENT INCREASE REQUIRED		174.39%	157.35%	165.92%	130.56%	129.01%	129.80%	140.23%	102.28%	121.51%
19 ANNUAL SALES VOLS - BBTUS		34,019	9,189	43,209	2,341	383	2,724	3,470	756	4,225
20 SALES REV REQUIRED ($/MMBTU)		$2.38	$8.19	$3.62	$2.73	$15.76	$4.57	$1.16	$4.36	$1.73
21 REV DEFIC PER BILLING UNIT		-$1.52	-$5.01	-$2.26	-$1.55	-$8.88	-$2.58	-$0.68	-$2.20	-$0.95
22										
23 NET REVENUE REQUIREMENT		81,128,467	75,294,717	156,423,184	6,395,101	6,043,235	12,438,336	4,015,533	3,290,962	7,306,495
24 No. of Customers							19,196			6,685
25 Customer Charge							54.00			91.08

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		LOW LOAD FACTOR LLF-LARGE (RATE G-43)			LOW LOAD FACTOR LLF-EXTRA-LARGE (RATE G-44)			TOTAL LOW LOAD FACTOR		
	ALLOC	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL
		(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
DEVELOPMENT OF REVENUE REQUIREMENTS										
1 **RATE BASE**		4,652	4,526	9,179	1,345	1,262	2,607	16,371	16,083	32,454
2 NET OPER INC (PRESENT RATES)		(1,082)	(109)	(1,192)	(501)	175	(326)	(4,152)	(1,965)	(6,117)
3 RATE OF RETURN (ACTUAL)		-23.266%	-2.414%	-12.983%	-37.265%	13.898%	-12.504%	-25.362%	-12.218%	-18.849%
4 RELATIVE RATE OF RETURN		0.99	0.10	0.55	1.59	-0.59	0.53	1.08	0.52	0.80
5 **SALES REVENUE (PRES RATES)**		**3,130**	**3,030**	**6,160**	**1,133**	**1,130**	**2,263**	**8,709**	**8,425**	**17,134**
6										
7 RETURN ADJUSTMENT TO EQUAL										
8 TOT COMPANY RATE OF RETURN		(9)	(953)	(962)	186	(471)	(286)	311	(1,808)	(1,497)
9 REVENUE ADJUSTMENT TO EQUAL										
10 TOT COMPANY RATE OF RETURN		(9)	(953)	(962)	186	(471)	(286)	311	(1,808)	(1,497)
11										
12 CLAIMED RATE OF RETURN										
13										
14 CLAIMED RATE OF RETURN		10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%
15 RETURN REQ FOR CLAIMED ROR		471	459	930	136	128	264	1,658	1,629	3,288
16 **SALES REVENUE REQ CLAIMED ROR**		**5,691**	**3,969**	**9,660**	**2,184**	**1,053**	**3,237**	**18,286**	**14,356**	**32,642**
17 **REVENUE DEFICIENCY SALES REV**		**2,561**	**939**	**3,500**	**1,051**	**(77)**	**974**	**9,577**	**5,930**	**15,507**
18 PERCENT INCREASE REQUIRED		81.82%	30.99%	56.82%	92.69%	-6.81%	43.02%	109.97%	70.38%	90.51%
19 ANNUAL SALES VOLS - BBTUS		8,745	2,165	10,909	5,036	1,475	6,511	19,592	4,778	24,370
20 SALES REV REQUIRED ($/MMBTU)		$0.65	$1.83	$0.89	$0.43	$0.71	$0.50	$0.93	$3.00	$1.34
21 REV DEFIC PER BILLING UNIT		-$0.29	-$0.43	-$0.32	-$0.21	$0.05	-$0.15	-$0.49	-$1.24	-$0.64
22										
23 NET REVENUE REQUIREMENT		5,691,417	3,968,557	9,659,974	2,183,939	1,052,917	3,236,856	18,285,990	14,355,671	32,641,661
24 No. of Customers				4,367			392			
25 Customer Charge				184.33			688.56			

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KEYSPAN ENERGY DELIVERY NEW ENGLAND
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		HIGH LOAD FACTOR HLF-SMALL (RATE G-51)			HIGH LOAD FACTOR HLF-MEDIUM (RATE G-52)			HIGH LOAD FACTOR HLF-LARGE (RATE G-53)		
	ALLOC	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL
		(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
DEVELOPMENT OF REVENUE REQUIREMENTS										
1 **RATE BASE**		2,136	2,135	4,271	1,241	1,236	2,477	1,247	1,240	2,488
2 NET OPER INC (PRESENT RATES)		(383)	(396)	(779)	(226)	(187)	(412)	(58)	(12)	(70)
3 RATE OF RETURN (ACTUAL)		-17.927%	-18.526%	-18.227%	-18.167%	-15.098%	-16.636%	-4.653%	-0.957%	-2.810%
4 RELATIVE RATE OF RETURN		0.76	0.79	0.78	0.77	0.64	0.71	0.20	0.04	0.12
5 **SALES REVENUE (PRES RATES)**		**1,303**	**1,272**	**2,575**	**775**	**765**	**1,540**	**1,103**	**1,077**	**2,180**
6										
7 RETURN ADJUSTMENT TO EQUAL										
8 TOT COMPANY RATE OF RETURN		(118)	(105)	(224)	(66)	(103)	(169)	(235)	(279)	(514)
9 REVENUE ADJUSTMENT TO EQUAL										
10 TOT COMPANY RATE OF RETURN		(118)	(105)	(224)	(66)	(103)	(169)	(235)	(279)	(514)
11										
12 CLAIMED RATE OF RETURN										
13										
14 CLAIMED RATE OF RETURN		10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%
15 RETURN REQ FOR CLAIMED ROR		216	216	433	126	125	251	126	126	252
16 **SALES REVENUE REQ CLAIMED ROR**		**2,291**	**2,281**	**4,572**	**1,354**	**1,279**	**2,634**	**1,408**	**1,304**	**2,712**
17 **REVENUE DEFICIENCY SALES REV**		**988**	**1,009**	**1,997**	**579**	**514**	**1,094**	**305**	**228**	**532**
18 PERCENT INCREASE REQUIRED		75.83%	79.33%	77.56%	74.73%	67.24%	71.01%	27.61%	21.13%	24.41%
19 ANNUAL SALES VOLS - BBTUS		814	549	1,363	1,168	1,017	2,185	2,129	1,429	3,557
20 SALES REV REQUIRED ($/MMBTU)		$2.81	$4.16	$3.36	$1.16	$1.26	$1.21	$0.66	$0.91	$0.76
21 REV DEFIC PER BILLING UNIT		-$1.21	-$1.84	-$1.47	-$0.50	-$0.51	-$0.50	-$0.14	-$0.16	-$0.15
22										
23 NET REVENUE REQUIREMENT		2,291,397	2,281,080	4,572,478	1,354,420	1,279,226	2,633,646	1,407,979	1,304,154	2,712,133
24 No. of Customers				9,131			3,121			1,545
25 Customer Charge				41.73			70.32			146.25

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		HIGH LOAD FACTOR HLF-EXTRA-LARGE (RATE G-54)			TOTAL HIGH LOAD FACTOR			STREET LIGHTING (RATE G-07)		
	ALLOC	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL
		(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
DEVELOPMENT OF REVENUE REQUIREMENTS										
1 **RATE BASE**		583	545	1,128	5,208	5,157	10,365	46	50	95
2 NET OPER INC (PRESENT RATES)		(312)	(4)	(315)	(978)	(598)	(1,576)	(41)	(72)	(113)
3 RATE OF RETURN (ACTUAL)		-53.469%	-0.670%	-27.964%	-18.785%	-11.592%	-15.206%	-90.792%	-145.346%	-119.205%
4 RELATIVE RATE OF RETURN		2.28	0.03	1.19	0.80	0.49	0.65	3.87	6.20	5.08
5 **SALES REVENUE (PRES RATES)**		**525**	**529**	**1,053**	**3,706**	**3,642**	**7,349**	**-**	**-**	**-**
6										
7 RETURN ADJUSTMENT TO EQUAL										
8 TOT COMPANY RATE OF RETURN		175	(124)	51	(244)	(612)	(856)	31	60	91
9 REVENUE ADJUSTMENT TO EQUAL										
10 TOT COMPANY RATE OF RETURN		175	(124)	51	(244)	(612)	(856)	31	60	91
11										
12 CLAIMED RATE OF RETURN										
13										
14 CLAIMED RATE OF RETURN		10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%
15 RETURN REQ FOR CLAIMED ROR		59	55	114	528	522	1,050	5	5	10
16 **SALES REVENUE REQ CLAIMED ROR**		**1,136**	**626**	**1,762**	**6,189**	**5,490**	**11,680**	**76**	**127**	**202**
17 **REVENUE DEFICIENCY SALES REV**		**611**	**97**	**708**	**2,483**	**1,848**	**4,331**	**76**	**127**	**202**
18 PERCENT INCREASE REQUIRED		116.39%	18.42%	67.23%	66.99%	50.75%	58.94%	0.00%	0.00%	0.00%
19 ANNUAL SALES VOLS - BBTUS		3,037	2,037	5,074	7,149	5,031	12,180	43	43	85
20 SALES REV REQUIRED ($/MMBTU)		$0.37	$0.31	$0.35	$0.87	$1.09	$0.96	$1.77	$2.97	$2.37
21 REV DEFIC PER BILLING UNIT		-$0.20	-$0.05	-$0.14	-$0.35	-$0.37	-$0.36	-$1.77	-$2.97	-$2.37
22										
23 NET REVENUE REQUIREMENT		1,135,685	625,958	1,761,643	6,189,481	5,490,418	11,679,899	75,688	126,704	202,392
24 No. of Customers				182						
25 Customer Charge				804.80						

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	ALLOC	GAS LAMPS (RATE G-17)			TOTAL OTHER RATES			TOTAL CORE		
		PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL	PEAK	OFF-PEAK	TOTAL
		(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
DEVELOPMENT OF REVENUE REQUIREMENTS										
1 **RATE BASE**		11	11	21	56	60	116	106,623	105,860	212,483
2 NET OPER INC (PRESENT RATES)		(5)	(5)	(9)	(46)	(77)	(122)	(27,852)	(22,001)	(49,852)
3 RATE OF RETURN (ACTUAL)		-43.340%	-43.126%	-43.233%	-81.849%	-127.354%	-105.376%	-26.121%	-20.783%	-23.462%
4 RELATIVE RATE OF RETURN		1.85	1.84	1.84	3.49	5.43	4.49	1.11	0.89	1.00
5 **SALES REVENUE (PRES RATES)**		-	-	-	-	-	-	**41,982**	**41,325**	**83,307**
6										
7 RETURN ADJUSTMENT TO EQUAL										
8 TOT COMPANY RATE OF RETURN		2	2	4	33	62	95	2,836	(2,836)	0
9 REVENUE ADJUSTMENT TO EQUAL										
10 TOT COMPANY RATE OF RETURN		2	2	4	33	62	95	2,836	(2,836)	0
11										
12 CLAIMED RATE OF RETURN										
13										
14 CLAIMED RATE OF RETURN		10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%	10.13%
15 RETURN REQ FOR CLAIMED ROR		1	1	2	6	6	12	10,801	10,724	21,525
16 **SALES REVENUE REQ CLAIMED ROR**		**9**	**9**	**19**	**85**	**136**	**221**	**105,689**	**95,277**	**200,966**
17 **REVENUE DEFICIENCY SALES REV**		**9**	**9**	**19**	**85**	**136**	**221**	**63,707**	**53,952**	**117,659**
18 PERCENT INCREASE REQUIRED		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	151.75%	130.56%	141.23%
19 ANNUAL SALES VOLS - BBTUS		0	0	0	43	43	86	60,802	19,042	79,845
20 SALES REV REQUIRED ($/MMBTU)		$43.32	$37.43	$40.16	$1.98	$3.17	$2.57	$1.74	$5.00	$2.52
21 REV DEFIC PER BILLING UNIT		-$43.32	-$37.43	-$40.16	-$1.98	-$3.17	-$2.57	-$1.05	-$2.83	-$1.47
22										
23 NET REVENUE REQUIREMENT		9,318	9,278	18,596	85,006	135,982	220,988	105,688,945	95,276,788	200,965,732
24 No. of Customers										
25 Customer Charge										

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	ALLOC	TOTAL NON-CORE PEAK (53)	TOTAL NON-CORE OFF-PEAK (54)	TOTAL NON-CORE TOTAL (55)	TOTAL NON-FIRM PEAK (56)	TOTAL NON-FIRM OFF-PEAK (57)	TOTAL NON-FIRM TOTAL (58)
DEVELOPMENT OF REVENUE REQUIREMENTS							
1 **RATE BASE**		-	-	-	-	-	-
2 NET OPER INC (PRESENT RATES)		-	-	-	-	-	-
3 RATE OF RETURN (ACTUAL)		0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
4 RELATIVE RATE OF RETURN		0.00	0.00	0.00	0.00	0.00	0.00
5 **SALES REVENUE (PRES RATES)**		-	-	-	-	-	-
6							
7 RETURN ADJUSTMENT TO EQUAL							
8 TOT COMPANY RATE OF RETURN		-	-	-	-	-	-
9 REVENUE ADJUSTMENT TO EQUAL							
10 TOT COMPANY RATE OF RETURN		-	-	-	-	-	-
11							
12 CLAIMED RATE OF RETURN							
13							
14 CLAIMED RATE OF RETURN		10.13%	10.13%	0.00%	10.13%	10.13%	0.00%
15 RETURN REQ FOR CLAIMED ROR		0	0	0	0	0	0
16 **SALES REVENUE REQ CLAIMED ROR**		-	-	-	-	-	-
17 **REVENUE DEFICIENCY SALES REV**		-	-	-	-	-	-
18 PERCENT INCREASE REQUIRED		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 ANNUAL SALES VOLS - BBTUS		-	-	-	-	-	-
20 SALES REV REQUIRED ($/MMBTU)		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
21 REV DEFIC PER BILLING UNIT		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
22							
23 NET REVENUE REQUIREMENT		0	0	0	0	0	0
24 No. of Customers							
25 Customer Charge							