Schedule - 1
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Estimates for Distribution Capacity Cost

Line No.	Description			Quantity
	(1)			(2)
1	PROSPECTIVE ADDITIONS			
2	---			
3	UPGRADES (From Distribution Analysis)	{1}		
4	Five year estimate of upgrades			
5	to existing facilities.		$16,437,195	
6	Estimated Additional Load, MMBTUs/Design Day		115,614	
7	Unit Cost for Upgrades	(5)/(6)		$142.17
8				
9	NEW MAINS EXTENSIONS			
10	Unit Cost for Main Extensions	{2}		$356.98
11				
12	UNIT COSTS			
13	Unit Costs for Prospective Additions	(7)+(10)		$499.15
14				---
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29	SUMMARY			
30	---			
31	For purposes of further study, assume long run marginal			
32	costs will be estimated by prospective additions			$499.15 per Design Day MMBtu
33				==========
34				
35				

NOTES:
1 Source: Schedule 1, Page 2.
2 Source: Schedule 1, Page 3.

Schedule - 1
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Cost of Growth Related Mains Reinforcement

Line No.	Division	02-03 Peak Hr, MCFH	06-07 Peak Hr, MCFH	Growth	Investment Required
		(1)	(2)	(3)=(2)-(1)	(4)
1	PROJECTED SYSTEM				
2	REINFORCEMENTS {1}				
3					
4	Boston	26,189	28,886	2,697	$3,918,333
5	Braintree	2,903	3,202	299	$676,293
6	Malden	12,359	13,632	1,273	$1,211,050
7	North Shore A	7,764	8,564	800	$1,861,606
8	Waltham A	2,483	2,739	256	$6,346,373
9	Waltham C	989	1,091	102	$1,372,673
10	Waltham D	1,071	1,181	110	$1,050,867
11					
12					
13					
14					
15	Total			5,537	$16,437,195
16					
17	Equivalent Peak Hours in				
18	a Design Day {2}			20	
19					
20	Assumed Heat Content,				
21	MMBtu/MCF {3}			1.044	
22					
23	Growth in Design Day				
24	Demand, MMBtu (15)*(18)*(21)			115,614	
25					
26					
27	Unit Cost of Growth,				
28	$/MMBtu (15)/(24)			$142.17	
29				=======	
30					
31					
32					

NOTES:
1 Source: Estimates provided by Gas Engineering
2 Source: Estimates provided by Gas Engineering
3 Source: 2002 DTE Return Page 72 January Backup

Schedule - 1
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Cost of Growth Related New Mains Additions

Line No.		Pipe Diameter (Inches)	Footage	Cost 2002 $'s	Cost/ Foot
1	Growth Related New Mains {1}				
2	Added	2	303,740	$5,900,137	$19.42
3	from	3	61,248	$1,925,691	$31.44
4	1999	4	189,712	$6,823,167	$35.97
5	through	6	176,077	$7,520,577	$42.71
6	2002	8	185,352	$10,389,794	$56.05
7		12	0	$0	$0.00
8		16	0	$0	$0.00
9		20	0	$0	$0.00
10		24	0	$0	$0.00
11					
12					
13	Four Year Total		916,129	$32,559,366	$35.54
14					
15	Adjustment for Inflation {3}	5.25%	916,129	$34,268,732	$37.41
16					
17	Footage Required Per				
18	Design Day MMBtu Added {2}				9.54
19					
20					
21					
22	Marginal New Mains Cost per				
23	Design Day MMBtu Added (14)*(17)				$356.98
					=======

NOTES:

1 Source: Gas Engineering
2 Source: Schedule - 1, page 4.
3 Source: Exhibit KEDNE/PJM-2, page 29.

Schedule - 1
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Capacity Related Investment - Distribution Mains

Line No.	Year	Installed Footage	Installed Growth Footage	Cumulative Footage	Design Day Dem	Year	Installed Footage	Installed Growth Footage	Cumulative Footage	Design Day Dem
		(1)	(2)	(3)	(4)		(1)	(2)	(3)	(4)
		{1}					{1}	{2}		
1						1988	169,873		1,246,138	725,750
2						1989	181,488		1,427,626	735,900
3						1990	156,294		1,583,920	745,750
4						1991	308,045		1,891,965	751,800
5	1977	76,216		76,216	559,350	1992	236,238		2,128,203	760,250
6	1978	122,899		199,115	574,850	1993	132,747		2,260,950	775,050
7	1979	135,416		334,531	602,300	1994	438,237		2,699,187	771,500
8	1980	120,809		455,340	635,500	1995	346,157		3,045,344	761,500
9	1981	58,309		513,649	657,000	1996	342,366		3,387,710	770,000
10	1982	43,599		557,248	674,500	1997	405,730		3,793,440	761,000
11	1983	57,703		614,951	693,500	1998	309,492		4,102,932	756,000
12	1984	84,143		699,094	676,900	1999	261,126	130,960	4,233,892	775,000
13	1985	100,643		799,737	657,050	2000	363,222	185,464	4,419,356	795,000
14	1986	127,618		927,355	687,400	2001	675,289	291,014	4,710,370	819,500
15	1987	148,910		1,076,265	717,250	2002	639,731	308,730	5,019,100	852,000
16										
17										
18										
19										
20										

21 INSTALLED FOOTAGE DIVIDED BY INCREASED DESIGN DAY DEMAND
22
23 Total Installed Footage Increase 1999 to 2002 — 916,168
24 Design Day Demand Growth (MMBtu) 1999 to 2002 — 96,000
25 Footage per Design Day Demand (23)/(24) — 9.54
26
27
28 REGRESSION RESULTS {3} — Cumulative Footage (3) vs Design Day (4)
29
30 Slope = — 20.5182
31 Y Intercept = — (12,796,521)
32 Coefficent of Determination (R**2) — 76.42%
33 t Statistic = — 8.63
34
35 Calculation of Mains Unit Cost ($/Ft)
36
37 For purposes of further study, assume long run marginal
38 Feet Installed per Design Day MMBtu (25) — **9.54**

NOTES:
1 Source: Footage added from annual DTE Reports
2 Source: Performance Management Group
3 Regression analysis covers the period 1978 - 2002.

Schedule - 2
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

SERVICES INVESTMENT

Line No.	Description	Residential NH R-1	Residential Htg R-3	Low LF G-41	Low LF G-42	Low LF G-43	Low LF G-44	High LF G-51	High LF G-52	High LF G-53	High LF G-54
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Average Cost for New Service {1}	$1,844	$1,844	$1,844	$1,934	$4,973	$18,730	$1,844	$1,934	$4,973	$18,730
2											
3	Customer Contribution per service {2}	$1,844	$0	$0	$0	$0	$0	$0	$0	$0	$0
4											
5	Company Cost for New Service (1)-(3)	$0.00	$1,844	$1,844	$1,934	$4,973	$18,730	$1,844	$1,934	$4,973	$18,730
6											
7	Services per Customer {3}	0.7976	0.8164	0.8557	0.8335	0.8282	0.7837	0.8481	0.8208	0.8082	0.8388
8											
9	Service Investment per Customer (5)*(7)	**$0.00**	**$1,505.76**	**$1,578.21**	**$1,611.69**	**$4,119.23**	**$14,678.30**	**$1,564.08**	**$1,587.27**	**$4,019.53**	**$15,710.15**
10											
11	End of Period Customers	159,980	348,698	19,196	6,685	4,367	392	9,131	3,121	1,545	182
12											
13	Marginal Service Invest (9)*(11)	0	525,053,767	30,294,472	10,774,576	17,989,005	5,750,110	14,282,259	4,954,139	6,211,852	2,865,690

Line No.	Description	St. Ltg G-07	Res Lamps G-17
	(1)	(12)	(13)
1	Average Cost for New Service {1}	$0	$0
2			
3	Customer Contribution per service {2}	$0	$0
4			
5	Company Cost for New Service (1)-(3)	$0	$0
6			
7	Services per Customer {3}	1.0000	1.0000
8			
9	Service Investment per Customer (5)*(7)	**$0.00**	**$0.00**
10			
11	End of Period Customers	3	20
12			
13	Marginal Service Invest (9)*(11)	0	0

NOTES:
1 Source: Replacement cost new study.
2 Source: Company Capital contribution policy.
3 Source: The Company's current sevice records.

Schedule - 2
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

METERING AND REGULATORS INVESTMENT

Line No.	Description		Acct No.	Residential NH R-1	Residential Htg R-3	Low LF G-41	Low LF G-42	Low LF G-43	Low LF G-44	High LF G-51	High LF G-52	High LF G-53	High LF G-54
	(1)			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Meter Replacement Cost	{1}	381	$95.00	$95.00	$260.00	$834.00	$3,074.00	$4,423.00	$260.00	$834.00	$3,074.00	$4,423.00
2	Installations	{2}	382	$14.78	$14.78	$40.44	$129.73	$478.16	$687.99	$40.44	$129.73	$478.16	$687.99
3	Regulators		383	0	0	0	0	0	0	0	0	0	0
4													
5	Total	(1)+(2)+(3)		$109.78	$109.78	$300.44	$963.73	$3,552.16	$5,110.99	$300.44	$963.73	$3,552.16	$5,110.99
6													
7	Meters per Customer	{1}		0.97	1.01	1.03	1.06	1.28	1.91	1.01	1.08	1.39	0.75
8													
9	**Investment per Customer**	**(5)*(7)**		**$106.46**	**$111.21**	**$308.75**	**$1,022.51**	**$4,548.50**	**$9,772.07**	**$303.42**	**$1,040.56**	**$4,928.01**	**$3,838.64**
10	Customers			159,980	348,698	19,196	6,685	4,367	392	9,131	3,121	1,545	182
11													
12	Marginal Metering Invest	(9)*(10)		17,030,832	38,778,349	5,926,535	6,835,723	19,863,670	3,828,135	2,770,684	3,247,764	7,615,828	700,206

Line No.	Description		Acct No.	St. Ltg. G-07	Res Lamps G-17
	(1)			(12)	(13)
1	Meter Replacement Cost	{1}	381	$12.92	$12.92
2	Installations	{2}	382	$2.07	$2.07
3	Regulators		383	0	0
4					
5	Total	(1)+(2)+(3)		$14.99	$14.99
6					
7	Meters per Customer	{1}		1.00	1.00
8					
9	**Investment per Customer**	**(5)*(7)**		**$14.99**	**$14.99**
10	Customers			3	20
11					
12	Marginal Metering Invest	(9)*(10)		45	300

NOTES:
1 Results of meter replacement study.
2 Estimated as a percentage of metering investments, based on 2002 Plant balances.

Schedule - 3
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Capacity Related Production Expense

Line No.	Year	Total Capacity Related $ X 1000	Cost Index GDP IPD	Expense 2002 Dollars $ X 1,000	Design Day Sendout	Average Cost per Peak Day MMBTU	Time Series Estimate
	(1)	(2){1}	(3)	(4)	(5)	(6)	(7)
1	1988	190	1.3794	$262	725,750	$0.36	$8.31
2	1989	686	1.3289	$911	735,900	$1.24	$7.74
3	1990	509	1.2788	$651	745,750	$0.87	$7.17
4	1991	693	1.2341	$855	751,800	$1.14	$6.60
5	1992	2,457	1.2048	$2,961	760,250	$3.89	$6.03
6	1993	2,624	1.1765	$3,087	775,050	$3.98	$5.45
7	1994	3,340	1.1526	$3,849	771,500	$4.99	$4.88
8	1995	4,279	1.1280	$4,826	761,500	$6.34	$4.31
9	1996	3,627	1.1066	$4,013	770,000	$5.21	$3.74
10	1997	4,157	1.0854	$4,512	761,000	$5.93	$3.17
11	1998	3,960	1.0722	$4,245	756,000	$5.62	$2.60
12	1999	670	1.0570	$709	775,000	$0.91	$2.02
13	2000	2,009	1.0352	$2,079	795,000	$2.62	$1.45
14	2001	1,074	1.0113	$1,086	819,500	$1.33	$0.88
15	2002	705	1.0000	$705	852,000	$0.83	$0.31
16							
17							
18	REGRESSION RESULTS (Unit Cost vs Year) {3}						
19	Slope =					-0.5716	
20	Y Intercept =					1145	
21	Coefficent of Determination (R**2)					56.85%	
22	t Statistic					(5.50)	
23							
24	MARGINAL COST ESTIMATES						
25	Trended Cost Per Design Day MMBtu					$0.31	
26							
27	Average Cost Per Design Day MMBtu						
28	1988 - 2002					$10.63	
29	1997 - 2002					$2.80	
30							
31	Current Average Cost per Design Day MMBtu					$0.83	
32							
33							
34	**Assumed Marginal Cost {1}{2}**					**$0.83**	
						======	

NOTES:
1 Source: Schedule - 3, Page 2.
2 Current average chosen to estimate marginal costs.
3 Regression analysis covers the period 1978 - 2002.

Schedule - 3
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Operations Expense Data - by DTE Account

Line No.	Acct No.	Description	Cost Category{1}	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
		MANUFACTURED GAS PRODUCTION {1}		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
		OPERATION																
1	710	SUPERVISION	4	352	381	396	423	443	410	420	455	404	454	461	291	347	418	307
2	712	OTHER POWER EXPENSES	4	434	342	284	212	220	217	259	250	268	240	205	244	299	300	307
3	717	VAPORAZATION EXPENSE	4	95	111	97	91	102	87	62	97	39	43	66	30	56	6	0
4	718	OTHER PROCESS PROD EXP	4	544	566	439	321	282	277	390	240	162	142	141	159	216	181	187
5	723	FUEL LIQ PETRO GAS EXP	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	724	OTHER GAS FUELS	4	0	182	0	0	0	601	0	0	0	0	0	0	0	0	0
7	728	LIQUID PETROLEUM GAS	4	5,379	3,313	3,356	950	351	117	280	262	160	137	13	13	110	0	0
8	729	RAW MATERIALS OTHR GAS PRO	4	0	669	0	0	0	0	0	0	0	0	0	0	0	0	0
9	732	PURIFICATION EXPENSE	4	37	43	40	31	28	24	35	18	6	5	6	0	0	0	0
10	735	MISCELLANEOUS	4	869	892	780	991	885	787	811	867	1,359	1,156	1,491	1,617	1,293	1,091	783
11	736	RENTAL OF LP EQUIPMENT	4	355	461	537	524	480	515	494	445	513	405	400	59	20	7	8
12		TOTAL OPERATION EXPENSE		8,064	6,959	5,930	3,544	2,790	3,035	2,752	2,634	2,911	2,583	2,782	2,413	2,341	2,003	1,592
13		MAINTENANCE																
14	740	SUPERVISION	4	137	140	157	185	197	193	191	188	193	256	220	147	176	182	176
15	741	MAINT OF PLANT	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	742	MAINT OF EQUIPMENT	4	1,742	1,356	963	835	914	1,019	1,155	1,101	1,153	693	547	446	556	740	655
17		TOTAL MAINTENANCE		1,879	1,496	1,120	1,020	1,111	1,212	1,346	1,289	1,346	950	767	593	732	922	831
18		TOTAL MANUF GAS PROD EXPENSE		9,943	8,455	7,050	4,564	3,901	4,248	4,098	3,923	4,257	3,533	3,550	3,006	3,073	2,926	2,423
19																		
20		PURCHASED GAS SUPPLY EXPENSES																
21	808	DEFERRED COST OF GAS	4	(16,634)	(8,898)	22,463	2,792	(27,445)	(25,019)	(24,238)	21,814	(1,886)	3,870	11,137	7,972	(74,971)	141,049	(17,976)
22	804	NATURAL GAS CITY GATE	4	224,419	281,366	290,762	281,636	345,997	340,505	371,813	325,751	388,657	370,562	290,170	262,478	376,578	393,463	338,005
23	805	OTHER GAS PURCHASES	4	26,019	26,430	29,309	19,563	14,728	28,836	6,145	4,894	5,725	4,936	5,370	6,552	8,399	8,357	8,567
24	808	LIQUIFIED NATURAL GAS	4	28,692	55,589	15,017	14,432	11,303	17,875	17,386	11,355	15,024	10,649	7,915	8,125	28,805	15,052	16,392
25	812	GAS FOR OTHER -CR	4	(481)	(343)	(299)	0	0	0	0	0	0	0	0	5	0	0	0
26	813	OTHER GAS SUPPLY EXP	3	190	686	509	693	2,457	2,624	3,340	4,279	3,627	4,157	3,960	670	2,009	1,074	705
27	814	ENVIRONMENTAL COSTS	4	0	0	46	358	452	638	729	(27)	479	832	778	684	734	759	836
28	815	CONSV & LOAD MGMNT	4	0	0	619	5,009	10,845	9,988	8,694	8,375	3,956	5,127	6,991	7,070	7,187	0	0
29		TOTAL PURCHASED GAS EXP		262,205	354,828	358,426	324,483	358,338	375,447	383,869	376,441	415,602	400,133	326,320	293,557	348,741	559,754	346,528
30																		
31		TOTAL STEAM PRODUCTION	4	0	0	0	0	0	0	0	0	0	0	138	126	101	98	66
32																		
33		TOTAL LOCAL STORAGE EXPENSE	4	2,347	2,728	2,513	2,717	2,668	2,803	2,547	2,687	2,926	2,847	2,846	3,198	3,664	3,657	3,916
34																		
35																		
36		Dispatch Commod Exp	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37		Excluded Commod Exp	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38		Capacity Related Exp	3	190	686	509	693	2,457	2,624	3,340	4,279	3,627	4,157	3,960	670	2,009	1,074	705
39		Non-Marginal Expenses	4	274,305	365,326	367,479	331,072	362,450	379,874	387,175	378,772	419,158	402,357	328,893	299,216	353,571	565,361	352,228
40																		
41		Adjusted to Include S & E																
42		Commodity (incl. in Dispatch)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43		Commodity (excl. from Dispatch)	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44		Capacity-Related	3	190	686	509	693	2,457	2,624	3,340	4,279	3,627	4,157	3,960	670	2,009	1,074	705
45		Non-Marginal Costs	4	274,305	365,326	367,479	331,072	362,450	379,874	387,175	378,772	419,158	402,357	328,893	299,216	353,571	565,361	352,228

NOTES:
1 Commodity Related Cost in Dispatch, 2 Commodity Cost Excluded from Dispatch
3 Capacity Cost, 4 Non-Marginal Cost.

Schedule - 4
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Capacity Related Expense - T & D

Line No.	Year	Total Capacity Related Expenses	Cost Index GDP IPD	Expense 2002 Dollars	Peak Day Sendout	Average Cost per Peak Day MMBTU	Estimated 2002 Dollars
		(1)	(2)	(3)	(4)	(5)	(6)
		{1}	{2}				
1	1988	$18,373,098	1.3794	$25,344,648	621,272	$40.79	$40.22
2	1989	$20,352,998	1.3289	$27,046,610	577,824	$46.81	$40.67
3	1990	$21,295,467	1.2788	$27,232,874	654,817	$41.59	$41.13
4	1991	$22,368,291	1.2341	$27,605,458	559,584	$49.33	$41.59
5	1992	$23,551,336	1.2048	$28,374,814	567,623	$49.99	$42.04
6	1993	$31,595,269	1.1765	$37,172,753	644,459	$57.68	$42.50
7	1994	$26,946,777	1.1526	$31,058,085	651,860	$47.65	$42.96
8	1995	$24,433,573	1.1280	$27,560,044	691,823	$39.84	$43.42
9	1996	$25,768,514	1.1066	$28,514,278	692,326	$41.19	$43.87
10	1997	$22,653,213	1.0854	$24,588,171	660,733	$37.21	$44.33
11	1998	$21,903,103	1.0722	$23,484,430	652,096	$36.01	$44.79
12	1999	$27,117,579	1.0570	$28,663,217	652,951	$43.90	$45.24
13	2000	$32,914,647	1.0352	$34,073,121	800,549	$42.56	$45.70
14	2001	$30,328,216	1.0113	$30,670,312	628,577	$48.79	$46.16
15	2002	$28,011,149	1.0000	$28,011,149	694,160	$40.35	$46.62
16							
17							
18	REGRESSION RESULTS (Unit Cost vs Year) {4}						
19	Slope =					0.4571	
20	Y Intercept =					{869}	
21	Coefficent of Determination (R**2)					24.45%	
22	t Statistic					2.73	
23							
24	MARGINAL COST ESTIMATES						
25	Trended Cost Per Peak Day MMBTU					$46.62	
26							
27	Average Cost Per Peak Day MMBTU						
28	1988 - 2002					$63.06	
29	1997 - 2002					$41.45	
30							
31	Current Average Cost per Peak Day MMBTU					$40.35	
32							
33							
34	**Assumed Marginal Cost {3}**					**$41.45**	
						=======	

NOTES:

1 Source: Schedule - 4, Page 2.
2 Source: GDP Price Index
3 The lack of a statistically significant time series regression suggests that average costs are a reasonable prediction of marginal unit.
4 Regression analysis covers the period 1978 - 2002.

Schedule - 4
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Operations Expense Data - T&D

Line No.	Acct No.	Description	1 = Capacity 2 = Customer 3 = Non-Marg	1988	1989	1990	1991	1992	1993	1994	1995
TRANS & DIST EXPENSE -OPERATIONS (1)				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	850-SUPER & ENGINEERING		1,2&3	1,954,003	2,170,990	2,366,111	2,481,964	2,790,603	2,915,714	2,839,760	2,448,208
2	851-SYSTEM CONTROL&LOAD DIS		1	648,677	599,988	633,836	666,086	709,087	811,445	851,173	823,936
3	852-COMMUNICATIONS EXP		1	537,556	646,034	644,175	757,258	758,027	696,815	771,701	1,008,725
4	853-COMPRESSOR STA LABOR & EXP		1	0	0	0	0	0	0	0	0
5	855-FUEL & PWR FOR COMPRES STA		1	0	0	0	0	0	0	0	0
6	857-MEAS & REG STA EQUIP		1	649,329	729,715	677,530	732,702	850,514	797,593	1,032,208	920,097
7	874-MAINS & SERVICE EXPENSE		1&2	6,692,894	6,952,191	7,254,938	7,291,680	8,005,633	7,138,949	9,295,840	8,202,542
8	878-METER & HOUSE REG EXP		2	5,976,095	6,726,451	6,930,624	6,892,282	7,028,026	6,055,420	7,483,806	7,453,280
9	879-CUSTOMER INSTALL EXP		2	8,336,058	9,335,166	8,652,614	8,560,701	9,353,791	8,749,534	9,442,668	9,041,759
10	880-OTHER EXPENSES		1&2	3,351,626	4,483,127	4,333,316	4,676,681	3,718,278	4,202,581	4,586,000	5,835,447
11	881-RENTS		3	722,635	1,041,787	1,243,749	1,289,883	1,447,675	1,311,176	1,394,842	1,368,827
12	TOTAL OPERATION EXP			28,868,873	32,685,449	32,736,893	33,349,237	34,661,634	32,679,227	37,697,998	37,102,821
13											
14	MAINTENANCE										
15	885-SUPERVISION		1,2&3	1,313,119	1,495,643	1,558,810	1,542,213	1,743,983	1,391,172	1,517,010	925,781
16	886-MAINT STRUCT & IMPROVE		1	22,898	54,995	64,636	121,460	127,745	138,228	145,678	137,105
17	887-MAINT OF MAINS		1	7,452,358	8,165,619	8,781,864	9,049,792	9,820,910	17,856,464	11,406,562	9,214,760
18	888-MAINT OF COMPRES STA EQUIP		1	0	0	0	0	0	0	0	0
19	889-MAINT OF MEAS & REG STA EQ		1	1,152,599	1,145,052	1,305,301	1,459,511	1,556,984	1,853,455	1,705,760	1,818,877
20	892-MAINT OF SERVICES		2	3,425,241	3,492,035	3,575,163	3,525,744	3,997,946	3,614,458	4,465,931	4,245,982
21	893-MAINT METER & HOUSE REG		2	516,590	602,511	569,376	264,818	498,486	413,652	614,800	564,556
22	894-MAINT OF OTHER EQUIPT		3	88,588	90,332	103,711	121,659	124,017	109,236	66,391	73,146
23	TOTAL MAINTENANCE EXP			13,971,393	15,046,187	15,958,861	16,085,197	17,870,071	25,376,665	19,922,132	16,980,207
24	TOTAL T & D EXPENSE			42,840,266	47,731,636	48,695,754	49,434,434	52,531,705	58,055,892	57,620,130	54,083,028
25											
26	Customer Portion -Main&Svc (874) & Other(880)										
27	Mains Investment ($'s X 1,000)			191,144	204,449	210,690	228,599	253,110	265,649	299,113	327,208
28	Sevices Investment			124,091	132,448	141,831	151,299	164,009	176,227	190,848	208,222
29	Customer Related %	(28)/[(27)+(28)]		39.36%	39.31%	40.23%	39.83%	39.32%	39.88%	38.95%	38.89%
30	Customer Related $'s	(29)*[(7)+(10)]		3,953,998	4,495,696	4,662,351	4,766,548	4,609,775	4,523,181	5,407,213	5,459,197
31											
32	Customer Portion of Supv & Eng (850&885)										
33	Operations S&E	[(8)+(9)]/[(12)-(1)]		53.18%	52.64%	51.31%	50.06%	51.40%	49.74%	48.56%	47.60%
34	Maint	[(20)+(21)]/[(23)-(15)]		31.14%	30.22%	28.78%	26.06%	27.88%	16.79%	27.60%	29.96%
35	Total Cust S & E	(33)*(1)+(34)*(15)		1,447,963	1,594,660	1,662,698	1,644,508	1,920,654	1,683,966	1,797,702	1,442,708
36											
37											
38											
39	Customer - Related										
40	Lns 8,9,20,21,30,35			23,655,945	26,246,519	26,052,827	25,654,601	27,408,677	25,040,211	29,212,120	28,207,482
41											
42	Non-Marginal	(11)+(22)		811,223	1,132,119	1,347,460	1,411,542	1,571,692	1,420,412	1,461,233	1,441,973
43											
44	Capacity Expenses (all other)			18,373,098	20,352,998	21,295,467	22,368,291	23,551,336	31,595,269	26,946,777	24,433,573

NOTES:

1 Source: DTE Annual Reports

Schedule - 4
BOSTON GCOMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Operations Expense Data - T&D

Line No.	Acct No.	Description	1 = Capacity 2 = Customer 3 = Non-Marg	1996	1997	1998	1999	2000	2001	2002
TRANS & DIST EXPENSE -OPERATIONS		{1}		(9)	(10)	(11)	(12)	(13)	(14)	(15)
1	850	SUPER & ENGINEERING	1,2&3	3,341,119	2,832,834	2,076,971	2,575,233	2,520,008	2,506,599	132,388
2	851	SYSTEM CONTROL&LOAD DIS	1	775,225	694,045	728,964	758,034	860,255	962,517	43,705
3	852	COMMUNICATIONS EXP	1	1,166,534	1,096,879	475,547	1,123,694	1,892,540	488,559	(3,058)
4	853	COMPRESSOR STA LABOR & EXP	1	0	0	0	0	0	0	0
5	855	FUEL & PWR FOR COMPRES STA	1	0	0	0	0	0	0	0
6	857	MEAS & REG STA EQUIP	1	676,213	739,591	672,829	1,431,535	1,333,265	1,168,103	1,224,292
7	874	MAINS & SERVICE EXPENSE	1&2	7,947,687	7,167,559	7,904,985	11,606,957	12,540,760	13,180,922	15,919,632
8	878	METER & HOUSE REG EXP	2	8,115,066	7,876,485	6,776,501	7,405,292	7,650,042	7,599,152	7,415,530
9	879	CUSTOMER INSTALL EXP	2	8,782,365	7,589,144	7,096,669	5,619,878	6,035,641	6,461,690	5,686,011
10	880	OTHER EXPENSES	1&2	5,310,806	4,471,544	2,981,353	2,282,624	4,784,193	2,751,399	41,492
11	881	RENTS	3	1,379,370	2,496,156	1,276,629	1,063,811	1,042,101	1,172,436	0
12		TOTAL OPERATION EXP		37,494,385	34,964,237	29,990,448	33,867,058	38,658,805	36,291,376	30,459,994
13										
14		MAINTENANCE								
15	885	SUPERVISION	1,2&3	1,305,280	1,138,660	952,436	891,773	962,937	937,869	475,569
16	886	MAINT STRUCT & IMPROVE	1	99,893	98,819	87,325	68,477	102,055	110,388	29,882
17	887	MAINT OF MAINS	1	10,439,790	8,909,777	9,851,944	12,175,435	14,992,499	14,190,280	15,696,709
18	888	MAINT OF COMPRES STA EQUIP	1	0	0	0	0	0	0	0
19	889	MAINT OF MEAS & REG STA EQ	1	2,082,155	1,991,388	2,048,657	1,461,847	1,671,930	2,101,051	1,318,219
20	892	MAINT OF SERVICES	2	5,549,666	4,861,087	4,687,850	6,478,278	9,374,080	9,364,196	11,385,587
21	893	MAINT METER & HOUSE REG	2	443,470	583,550	788,612	754,342	925,554	684,322	539,751
22	894	MAINT OF OTHER EQUIPT	3	101,727	88,491	101,581	161,700	148,180	99,529	104,927
23		TOTAL MAINTENANCE EXP		20,021,981	17,671,772	18,518,405	21,991,852	28,177,235	27,487,634	29,550,644
24		TOTAL T & D EXPENSE		57,516,366	52,636,009	48,508,853	55,858,910	66,836,040	63,779,011	60,010,638
25										
26		Customer Portion -Main&Svc (874) & Other(880)								
27		Mains Investment ($'s X 1,000)		344,069	365,546	384,012	403,252	428,394	486,674	541,208
28		Sevices Investment		229,510	251,987	275,616	296,072	321,451	350,581	383,099
29		Customer Related % (28)/[(27)+(28)]		40.01%	40.81%	41.78%	42.34%	42.87%	41.87%	41.45%
30		Customer Related $'s (29)*[(7)+(10)]		5,305,205	4,749,391	4,548,704	5,880,415	7,427,037	6,671,288	6,615,434
31										
32		Customer Portion of Supv & Eng (850&885)								
33		Operations S&E [(8)+(9)]/[(12)-(1)]		49.48%	48.13%	49.70%	41.62%	37.87%	41.62%	43.20%
34		Maint [(20)+(21)]/[(23)-(15)]		32.02%	32.93%	31.18%	34.28%	37.85%	37.85%	41.02%
35		Total Cust S & E (33)*(1)+(34)*(15)		2,070,983	1,738,492	1,329,204	1,377,616	1,318,759	1,398,181	252,249
36										
37										
38										
39		Customer - Related								
40		Lns 8,9,20,21,30,35		30,266,755	27,398,149	25,227,540	27,515,820	32,731,112	32,178,830	31,894,563
41										
42		Non-Marginal (11)+(22)		1,481,097	2,584,647	1,378,210	1,225,511	1,190,281	1,271,965	104,927
43										
44		Capacity Expenses (all other)		25,768,514	22,653,213	21,903,103	27,117,579	32,914,647	30,328,216	28,011,149

NOTES:

1 Source: DTE Annual Reports

Schedule - 5
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Customer Related Operating Expense

Line No.	Year	Services and Meters Expenses {1}	Mains Customer Related Expenses	Total Customer Related Expenses	Cost Index {2}	Expense 2002 Dollars	Annual Average Customers	Average Cost per Customer	Time Series Estimate
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1988	23,655,945	0	23,655,945	1.3794	32,632,037	449,150	$72.65	$58.49
2	1989	26,246,519	0	26,246,519	1.3289	34,878,368	501,283	$69.58	$58.70
3	1990	26,052,827	0	26,052,827	1.2788	33,316,636	501,228	$66.47	$58.91
4	1991	25,654,601	0	25,654,601	1.2341	31,661,204	502,448	$63.01	$59.12
5	1992	27,408,677	0	27,408,677	1.2048	33,022,167	507,556	$65.06	$59.33
6	1993	25,040,211	0	25,040,211	1.1765	29,460,536	516,439	$57.05	$59.54
7	1994	29,212,120	0	29,212,120	1.1526	33,669,054	512,620	$65.68	$59.75
8	1995	28,207,482	0	28,207,482	1.1280	31,816,855	520,841	$61.09	$59.96
9	1996	30,266,755	0	30,266,755	1.1066	33,491,829	524,537	$63.85	$60.17
10	1997	27,398,149	0	27,398,149	1.0854	29,738,403	529,795	$56.13	$60.38
11	1998	25,227,540	0	25,227,540	1.0722	27,048,879	535,401	$50.52	$60.59
12	1999	27,515,820	0	27,515,820	1.0570	29,084,158	540,814	$53.78	$60.79
13	2000	32,731,112	0	32,731,112	1.0352	33,883,127	550,164	$61.59	$61.00
14	2001	32,178,830	0	32,178,830	1.0113	32,541,800	554,527	$58.68	$61.21
15	2002	31,894,563	0	31,894,563	1.0000	31,894,563	553,320	$57.64	$61.42
16									
17									
18	REGRESSION RESULTS (Unit Cost vs Year) {4}								
19	Slope =					0.2096			
20	Y Intercept =					(358)			
21	Coefficent of Determination (R**2)					6.41%			
22	t-statistics					1.25			
23	MARGINAL COST ESTIMATES								
24	Trended Cost Per Customer					$61.42			
25									
26	Average Cost Per Customer:								
27	1988-2002					$53.68			
28	1997-2002					$54.21			
29									
30	Current Average Cost per Customer					$57.64			
31									
32									
33	**Assumed Marginal Cost**		**{3}**			**$57.64**			
						======			

NOTES:
1 Source: Schedule - 4, Page 2.
2 Source: GDP Price Index
3 The lack of a statistically significant time series regression suggests that average costs are a reasonable prediction of marginal unit.
4 Regression analysis covers the period 1978 - 2002.

Schedule - 5
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Customer-Related Distribution O&M by Class

	(From Accounting Cost Study)				Estimated Marginal Cost Per Customer		
	------ Customer Weightings ------						
Line No.	Customer Class	Number of Customers	Average Costs Assigned	Average Costs Per Cust	Relative Weight Per Cust	Co Avg Cost per Cust	Marginal Cost per Customer
		(1)	(2) {1}	(3)	(4) {2}	(5) {3}	(8)
1	Res NoHt R1	159,980	4,179,000	$26.12	0.453	$57.64	$26.12
2	Res Htg R3	348,698	20,159,000	$57.81	1.003	$57.64	$57.81
3	Sm LLF G41	19,196	1,777,000	$92.57	1.606	$57.64	$92.57
4	Med LLF G42	6,685	1,245,000	$186.23	3.231	$57.64	$186.23
5	Lg LLF G43	4,367	1,834,000	$419.96	7.286	$57.64	$419.95
6	XLg LLF G44	392	722,000	$1,843.05	31.974	$57.64	$1,843.02
7	Sm HLF G51	9,131	608,000	$66.58	1.155	$57.64	$66.58
8	Med HLF G52	3,121	438,000	$140.33	2.435	$57.64	$140.33
9	Lg HLF G53	1,545	509,000	$329.36	5.714	$57.64	$329.36
10	XLg HLF G54	182	407,000	$2,231.24	38.708	$57.64	$2,231.20
11	St Lt G07	3	14,000	$4,666.67	80.958	$57.64	$4,666.60
12	Res Lt G17	20	3,000	$150.00	2.602	$57.64	$150.00
13							
14	**Total**	**553,320**	**31,895,000**	**$57.64**			

NOTES:

1 Customer class weighting factors developed from Accounting Cost of Service Study.
2 Relative weights based on System average = 1.00
3 Source: Schedule - 5, Page 1, (excludes account 904, Uncollectibles).

Schedule - 5
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Customer Accounting Expense
(Excluding Uncollectible Accounts)

Line No.	Year	Customer Accounting Expenses 901,2,3,&5	Marketing Services Expenses 911-916	Total Customer Related Expenses	Cost Index {3}	Expense in 2002 Dollars	Annual Average Customers	Average Cost per Customer	Time Series Estimate
		(1) {1}	(2) {2}	(3)	(4)	(5)	(6)	(7)	(8)
1	1988	22,800,283	3,573,271	26,373,554	1.3794	$36,380,825	449,150	$81.00	$69.04
2	1989	23,117,592	4,645,609	27,763,201	1.3289	$36,893,850	501,283	$73.60	$68.59
3	1990	23,267,980	4,882,812	28,150,792	1.2788	$35,999,537	501,228	$71.82	$68.14
4	1991	23,042,943	4,914,504	27,957,447	1.2341	$34,503,223	502,448	$68.67	$67.69
5	1992	24,736,267	5,688,904	30,425,171	1.2048	$36,656,459	507,556	$72.22	$67.23
6	1993	22,699,328	6,015,927	28,715,255	1.1765	$33,784,332	516,439	$65.42	$66.78
7	1994	24,741,756	6,156,169	30,897,925	1.1526	$35,612,065	512,620	$69.47	$66.33
8	1995	23,918,338	6,483,512	30,401,850	1.1280	$34,292,010	520,841	$65.84	$65.88
9	1996	23,293,286	6,745,397	30,038,683	1.1066	$33,239,455	524,537	$63.37	$65.42
10	1997	23,575,909	7,449,445	31,025,354	1.0854	$33,675,432	529,795	$63.56	$64.97
11	1998	23,497,291	6,775,425	30,272,716	1.0722	$32,458,299	535,401	$60.62	$64.52
12	1999	25,106,450	7,096,080	32,202,530	1.0570	$34,037,999	540,814	$62.94	$64.07
13	2000	26,883,997	11,577,813	38,461,810	1.0352	$39,815,525	550,164	$72.37	$63.61
14	2001	16,582,009	12,685,953	29,267,962	1.0113	$29,598,098	554,527	$53.38	$63.16
15	2002	17,986,550	13,907,826	31,894,376	1.0000	$31,894,376	553,320	$57.64	$62.71
16									
17	REGRESSION RESULTS (Unit Cost vs Year) {5}								
18	Slope =					-0.4526			
19	Y Intercept =					969			
20	Coefficent of Determination (R**2)					34.15%			
21	t Statistic =					(3.45)			
22									
23	MARGINAL COST ESTIMATES								
24	Trended Cost Per Customer					$62.71			
25									
26	Average Cost Per Customer:								
27	1988-2002					$66.52			
28	1997-2002					$61.73			
29									
30	Current Average Cost per Customer					$57.64			
31									
32									
33	**Assumed Marginal Cost**		**{4}**			**$57.64**			
						=======			

NOTES:

1 Source: DTE Annual Reports
2 Source: DTE Annual Reports
3 Source: GDP Price Index
4 The existence of a decling trend in unit costs is evident. However, the current average cost is used for lack of a stronger correlation and to reflect the continued cost control produced as a result of automated meter reading implementation.
5 Regression Analysis covered period from 1978 to 2002.

Schedule - 5
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Customer Accounting Expense by Class

	(From Accounting Cost Study)				Estimated Marginal Cost Per Customer				
	------ Customer Weightings ------						<---- Marginal Costs Unit ---->		
Line No.	Customer Class	Number of Customers	Average Costs Assigned	Average Costs Per Cust	Relative Weight Per Cust	Co Avg Cost per Cust	Excluding Uncollect Acct 904	Uncollect Acct 904	Total
		(1)	(2) {1}	(3)	(4) {2}	(5) {3}	(6)	(7) {4}	(8)
1	Res NoHt R1	159,980	5,568,000	$34.80	0.604	$57.64	$34.81	$3.76	$38.56
2	Res Htg R3	348,698	19,847,000	$56.92	0.987	$57.64	$56.92	$13.64	$70.56
3	Sm LLF G41	19,196	1,792,000	$93.36	1.620	$57.64	$93.36	$12.71	$106.07
4	Med LLF G42	6,685	895,000	$133.88	2.323	$57.64	$133.88	$15.56	$149.44
5	Lg LLF G43	4,367	1,200,000	$274.78	4.767	$57.64	$274.79	$51.76	$326.56
6	XLg LLF G44	392	493,000	$1,258.48	21.834	$57.64	$1,258.53	$0.00	$1,258.53
7	Sm HLF G51	9,131	871,000	$95.38	1.655	$57.64	$95.39	$13.80	$109.19
8	Med HLF G52	3,121	444,000	$142.25	2.468	$57.64	$142.26	$24.35	$166.62
9	Lg HLF G53	1,545	410,000	$265.30	4.603	$57.64	$265.31	$66.66	$331.97
10	XLg HLF G54	182	368,000	$2,017.43	35.001	$57.64	$2,017.52	$0.00	$2,017.52
11	St Lt G07	3	3,000	$1,000.00	17.349	$57.64	$1,000.04	$17,336.83	$18,336.88
12	Res Lt G17	20	2,000	$100.00	1.735	$57.64	$100.00	$0.00	$100.00
18									
19	**Total**	**553,320**	**31,893,000**	**$57.64**					

NOTES:

1 Customer class weighting factors developed from Accounting Cost of Service Study.
2 Relative weights based on System average = 1.00
3 Source: Schedule - 5, Page 3.
4 Source: Schedule - 5, Page 6.

Schedule - 5
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Uncollectible Accounts Expense

Line No.	Year	Uncollectible Accounts Expense 904	Cost Index	Expense in 2002 Dollars	Average Annual Customers	Cost per Customer	Time Series Estimate	Total Firm Revenue $ X 1000	Uncol-lectible Percent
		(1) {1}	(2) {2}	(3)= (1)*(2)	(4)	(5)= (3)/(4)	(6)	(7)	(8)= (1)/(7)
1	1988	4,952,000	1.3794	6,831,004	449,150	$15.21	$24.53	400,521	1.24%
2	1989	6,688,000	1.3289	8,887,522	501,283	$17.73	$24.32	447,904	1.49%
3	1990	7,908,335	1.2788	10,113,264	501,228	$20.18	$24.11	454,904	1.74%
4	1991	14,071,980	1.2341	17,366,703	502,448	$34.56	$23.90	473,272	2.97%
5	1992	12,444,000	1.2048	14,992,618	507,556	$29.54	$23.68	538,395	2.31%
6	1993	13,127,000	1.1765	15,444,297	516,439	$29.91	$23.47	574,120	2.29%
7	1994	15,830,000	1.1526	18,245,205	512,620	$35.59	$23.26	617,024	2.57%
8	1995	14,500,000	1.1280	16,355,391	520,841	$31.40	$23.05	604,824	2.40%
9	1996	13,947,378	1.1066	15,433,541	524,537	$29.42	$22.83	646,222	2.16%
10	1997	13,221,902	1.0854	14,351,271	529,795	$27.09	$22.62	644,913	2.05%
11	1998	12,950,004	1.0722	13,884,949	535,401	$25.93	$22.41	568,573	2.28%
12	1999	10,975,000	1.0570	11,600,549	540,814	$21.45	$22.19	558,294	1.97%
13	2000	10,448,001	1.0352	10,815,732	550,164	$19.66	$21.98	625,268	1.67%
14	2001	4,257,119	1.0113	4,305,138	554,527	$7.76	$21.77	845,892	0.50%
15	2002	6,290,270	1.0000	6,290,270	553,320	$11.37	$21.56	615,135	1.02%
16									
17	REGRESSION RESULTS (Unit Cost vs Year) {4}								
18	Slope =					-0.2128			
19	Y Intercept =					448			
20	Coefficent of Determination (R**2)					3.98%			
21	t Statistic =					(0.98)			
22									
23	MARGINAL COST ESTIMATES								
24	Trended Cost Per Customer					$21.56			
25									
26	Average Cost Per Customer:								
27	1988-2002					$14.86			
28	1997-2002					$15.88			
29									
30	Current Average Cost per Customer					$11.37			
31									
32									
33	**Assumed Marginal Cost**		{3}			**$11.37**			
						=======			

NOTES:

1 Source: DTE Annual Reports
2 Source: GDP Price Index
3 The existence of a trend in unit costs is not evident. Thus, the current average cost is used for lack of a stronger correlation.
4 Regression analysis covered period from 1978 to 2002.

Schedule - 5
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Uncollectible Accounts Expense by Class

	(From Accounting Cost Study)				Estimated Marginal Cost Per Customer		
	------ Customer Weightings ------			System			
Line No.	Customer Class	Number of Customers	Average Costs Assigned	Average Costs Per Cust	Relative Weight Per Cust	Co Avg Cost per Cust	Marginal Cost per Customer
		(1)	(2)	(3)	(4)	(5)	(8)
			{1}		{2}	{3}	
1	Res NoHt R1	159,980	601,000	$3.76	0.331	$11.37	$3.76
2	Res Htg R3	348,698	4,757,000	$13.64	1.200	$11.37	$13.64
3	Sm LLF G41	19,196	244,000	$12.71	1.118	$11.37	$12.71
4	Med LLF G42	6,685	104,000	$15.56	1.369	$11.37	$15.56
5	Lg LLF G43	4,367	226,000	$51.75	4.553	$11.37	$51.76
6	XLg LLF G44	392	0	$0.00	0.000	$11.37	$0.00
7	Sm HLF G51	9,131	126,000	$13.80	1.214	$11.37	$13.80
8	Med HLF G52	3,121	76,000	$24.35	2.142	$11.37	$24.35
9	Lg HLF G53	1,545	103,000	$66.65	5.864	$11.37	$66.66
10	XLg HLF G54	182	0	$0.00	0.000	$11.37	$0.00
11	St Lt G07	3	52,000	$17,333.33	1525.026	$11.37	$17,336.83
12	Res Lt G17	20	0	$0.00	0.000	$11.37	$0.00
18							
19	**Total**	**553,320**	**6,289,000**	**$11.37**			

NOTES:
1 Customer class weighting factors developed from Accounting Cost of Service Study.
2 Relative weights based on System average = 1.00
3 Source: Schedule - 5, Page 5, Account 904, Uncollectibles

Schedule - 6
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Developement of A&G Loading Factors

Line No.	Description	1988	1989	1990	1991	1992	1993	1994	1995
1	Nonplant Related Expenses {1}								
2	-								
3	920 Salary	6,401,285	5,768,297	6,157,452	6,654,930	6,165,739	8,355,155	6,884,192	6,906,861
4	921 Office Supplies	3,037,017	3,194,715	2,819,713	2,890,504	2,782,339	4,324,782	2,989,997	3,126,773
5	922 Admin Exp - Transf (Cr)	-220,518	-239,104	-260,296	-256,386	-262,551	-258,954	-253,843	-223,617
6	923 Outside Services	1,812,830	2,081,860	1,139,919	1,185,376	2,055,432	1,761,683	2,481,113	3,123,242
7	925 Injury & Damages	1,576,962	2,420,408	1,421,689	1,518,943	2,187,464	1,562,447	2,281,347	2,206,434
8	926 Pension	12,277,875	13,771,524	13,250,111	14,580,284	15,093,817	14,912,607	18,357,711	24,104,847
9	929 Duplicate Charges	0	0	0	0	0	0	0	0
10	930 Misc	4,799,218	4,939,003	3,499,276	3,746,198	4,243,258	4,774,055	4,990,632	5,330,458
11	Payroll Taxes	4,724,112	5,186,925	5,354,062	5,626,395	6,135,825	5,572,335	7,129,978	6,739,152
12									
13	Sub-Total Labor Related Expenses	34,408,781	37,123,628	33,381,926	35,946,244	38,401,323	41,004,110	44,861,127	51,314,150
14									
15	Plant Related Expenses {1}								
16	-								
17	924 Property Ins	2,188,152	2,007,531	1,728,854	1,854,534	1,988,840	2,071,250	2,248,637	2,326,948
18	928 Regulatory Exp	647,742	774,372	385,117	1,068,043	938,673	1,030,762	712,650	924,989
19	931 Rents	1,997,719	1,765,656	1,581,073	1,636,221	1,892,778	2,039,334	2,223,946	2,446,057
20	932 Gen Plt Maint	0	0	0	0	0	0	0	0
21									
22	Total Plant Related Expenses	4,833,613	4,547,559	3,695,044	4,558,798	4,820,291	5,141,346	5,185,233	5,697,994
23									
24									
25	Total Allocable O&M (Total O&M less								
26	commodity costs and A&G expenses)	76,124,595	82,513,522	83,052,997	83,722,669	89,175,499	93,103,483	94,883,272	90,833,041
27									
28	A & G Loading Factor Nonplant Rel Exp								
29	Line (13)/(26)	45.20%	44.99%	40.19%	42.93%	43.06%	44.04%	47.28%	56.49%
30	Average = 49.80%								
31									
32									
33	Total Gross Plant $ {2}	431,232,127	467,343,148	490,893,401	528,383,381	607,305,099	633,320,618	688,581,682	745,289,221
34									
35									
36	A & G Loading Factor Plant Rel Exp								
37	Line (22)/(33)	1.12%	0.97%	0.75%	0.86%	0.79%	0.81%	0.75%	0.76%
38	Average = 0.67%								

NOTES:
1 Source: DTE Annual Reports
2 Adjusted to exclude acquisition costs included in intangible

Schedule - 6
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Developement of A&G Loading Factors

Line No.	Description	1996	1997	1998	1999	2000	2001	2002
1	Nonplant Related Expenses {1}							
2	-							
3	920 Salary	7,009,197	6,678,164	5,961,891	6,715,927	7,877,813	4,180,685	21,320,978
4	921 Office Supplies	5,297,708	5,042,197	5,291,650	5,802,684	5,676,818	3,072,449	25,922,271
5	922 Admin Exp - Transf (Cr)	-118,507	0	0	0	0	-15,324,998	-15,324,998
6	923 Outside Services	1,463,108	1,134,355	1,069,395	954,353	1,869,040	1,403,959	860,845
7	925 Injury & Damages	2,150,497	2,329,175	1,873,881	2,289,792	1,852,431	951,184	1,067
8	926 Pension	21,520,036	16,935,606	15,307,206	18,165,471	16,935,840	18,121,756	16,685,838
9	929 Duplicate Charges	0	0	0	0	0	0	216
10	930 Misc	6,619,566	14,791,231	4,917,144	7,142,528	34,896,957	36,256,547	-2,008,853
11	Payroll Taxes	6,546,063	6,417,120	5,342,835	5,593,547	6,020,765	5,943,402	3,581,914
12								
13	Sub-Total Labor Related Expenses	50,487,668	53,327,848	39,764,002	46,664,302	75,129,664	54,604,984	51,039,278
14								
15	Plant Related Expenses {1}							
16	-							
17	924 Property Ins	2,361,507	2,272,454	2,253,875	1,968,121	1,982,782	729,513	462,183
18	928 Regulatory Exp	1,081,129	849,200	1,195,100	1,049,988	1,089,475	1,238,996	932,004
19	931 Rents	1,988,391	2,269,693	1,217,902	1,153,108	1,145,891	1,363,082	0
20	932 Gen Plt Maint	0	0	0	0	0	0	22,846
21								
22	Total Plant Related Expenses	5,431,027	5,391,347	4,666,877	4,171,217	4,218,148	3,331,591	1,417,033
23								
24								
25	Total Allocable O&M (Total O&M less							
26	commodity costs and A&G expenses)	94,578,212	89,904,645	85,164,645	94,252,090	111,925,744	99,630,097	98,243,827
27								
28	A & G Loading Factor Nonplant Rel Exp							
29	Line (13)/(26)	53.38%	59.32%	46.69%	49.51%	67.12%	54.81%	51.95%
30	Average = 49.80%							
31								
32								
33	Total Gross Plant $ {2}	795,769,161	850,409,970	897,643,038	942,047,218	947,827,202	1,055,007,957	1,179,085,802
34								
35								
36	A & G Loading Factor Plant Rel Exp							
37	Line (22)/(33)	0.68%	0.63%	0.52%	0.44%	0.45%	0.32%	0.12%
38	Average = 0.67%							

NOTES:
1 Source: DTE Annual Reports
2 Adjusted to exclude acquisition costs included in intangible

Schedule - 6
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Miscellaneous Loading Factors

Line No.	Description	1988	1989	1990	1991	1992	1993	1994	1995
1	Loss Adjustment Loading Factor								
2	Total Sales Reported	844,361,040	1,115,190,940	1,034,776,270	845,482,180	976,195,440	930,966,190	957,175,130	943,521,730
3	Total Sendout Reported	900,961,090	1,163,135,330	1,028,838,590	877,378,900	1,012,858,110	956,483,560	977,549,620	1,000,220,440
4									
5	Loss Factor - Line (2)/(3)	93.72%	95.88%	100.58%	96.36%	96.38%	97.33%	97.92%	94.33%
6	Average = 96.27% {1}								
7									
8									
9	Materials and Supplies and Prepayments Loader								
10	Materials and Supplies	40,500,428	35,443,184	32,581,056	31,391,379	47,789,792	58,171,195	51,907,688	39,905,709
11	Fuel Inventory (included above)	37,927,545	34,155,949	31,675,635	30,422,935	46,865,557	57,045,319	50,947,446	38,924,192
12	Prepayments	2,786,883	2,729,153	3,617,193	2,373,174	2,035,394	3,708,306	3,398,425	3,259,113
13	Fuel Related Prepayments	0	0	0	0	0	0	0	0
14	Total Utility Plant	431,232,127	467,343,148	490,893,401	528,383,381	607,305,099	633,320,618	688,581,682	745,289,221
15									
16	Non-Fuel Loader (10-11+12-13)/(14)	1.24%	0.86%	0.92%	0.63%	0.49%	0.76%	0.63%	0.57%
17	Estimate = 6.69% {2}								
18									
19									
20	General Plant Loading Factor								
21	Total General & Intang. Plant {3}	34,511,011	40,457,386	41,378,018	39,984,521	73,167,788	76,819,713	79,025,621	81,720,626
22	Total Plant	431,232,127	467,343,148	490,893,401	528,383,381	607,305,099	633,320,618	688,581,682	745,289,221
23									
24	Gen Plant Factor Line (21)/(22-21)	8.70%	9.48%	9.21%	8.19%	13.70%	13.80%	12.96%	12.32%
25	Average = 6.50% {4}								

NOTES:

1 Long term average not employed. Instead, estimate is based on average of last two year's data.
2 Long term average not employed. Estimate based on most recent year's data, due to Company's recent effort to standardize and minimize M&S.
3 Intangible plant adhsted to eliminate acquisition costs.
4 Long term average not employed. Instead, estimate is based on average of last three year's data.

Schedule - 6
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Miscellaneous Loading Factors

Line No.	Description	1996	1997	1998	1999	2000	2001	2002
1	Loss Adjustment Loading Factor							
2	Total Sales Reported	943,718,960	847,647,100	788,038,420	721,421,660	660,697,000	693,825,384	627,701,008
3	Total Sendout Reported	934,742,447	912,443,601	819,653,630	776,440,555	773,809,990	690,912,320	681,340,000
4								
5	Loss Factor - Line (2)/(3)	100.96%	92.90%	96.14%	92.91%	85.38%	100.42%	92.13%
6	Average = 96.27% {1}							
7								
8								
9	Materials and Supplies and Prepayments Loa							
10	Materials and Supplies	53,095,529	47,906,075	44,226,778	48,571,248	61,144,585	83,559,181	79,377,797
11	Fuel Inventory (included above)	52,279,756	47,227,469	43,560,876	3,099,374	4,062,376	3,995,530	4,753,952
12	Prepayments	13,170,650	1,777,322	2,254,883	1,262,865	1,110,655	376,995	371,044
13	Fuel Related Prepayments	0	0	0	0	0	0	0
14	Total Utility Plant	795,769,161	850,409,970	897,643,038	942,047,218	947,827,202	1,055,007,957	1,179,085,802
15								
16	Non-Fuel Loader (10-11+12-13)/(14)	1.76%	0.29%	0.33%	4.96%	6.14%	7.58%	6.36%
17	Estimate = 6.69% {2}							
18								
19								
20	General Plant Loading Factor							
21	Total General & Intang. Plant {3}	86,415,232	91,576,504	91,921,879	92,928,196	46,708,545	59,846,298	90,411,109
22	Total Plant	795,769,161	850,409,970	897,643,038	942,047,218	947,827,202	1,055,007,957	1,179,085,802
23								
24	Gen Plant Factor Line (21)/(22-21)	12.18%	12.07%	11.41%	10.94%	5.18%	6.01%	8.30%
25	Average = 6.50% {4}							

NOTES:

1 Long term average not employed. Instead, estimate is based on average of last two year's data.
2 Long term average not employed. Estimate based on most recent year's data, due to Company's recent effort to standardize and minimize M&S.
3 Intangible plant adhsted to eliminate acquisition costs.
4 Long term average not employed. Instead, estimate is based on average of last three year's data.

Schedule - 7
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Levelized Fixed Charge Rates

Line No.	Description	Banker's Fixed Charge Rate	Economist's Fixed Charge Rate
1	FIXED CHARGE RATE RESULTS		
2			
3			
4	Capacity Related Distribution Plant{1}	13.47%	9.59%
5	Services Investment {2}	12.34%	9.33%
6	Metering Investment {3}	13.90%	10.79%
7			
8			
9			
10	COST OF CAPITAL {4}		
11	Debt	8.14%	48.16%
12	Preferred	6.42%	1.84%
13	Common	12.18%	50.00%
14	Weighted Cost of Capital	10.13%	
15	Opportunity Cost of Capital {5}	8.59%	
16			
17	Tax Effected Cost of Capital {6}	14.14%	
18			
19	Property Tax Rate {7}	2.50%	
20	Inflation Rate {8}	2.52%	
21	Property Tax Escalation Rate {9}	2.50%	
22	Incremental Tax Rate {10}	39.23%	

NOTES:

1 Source: Schedule - 7, Page 5.
2 Source: Schedule - 7, Page 9.
3 Source: Schedule - 7, Page 13.
4 Incremental cost of capital and target capital structure provided by Company.
5 After Tax Cost of Capital (decreased by deductible interest expense).
6 Before tax cost of capital increased for taxes on equity.
7 Composite average property tax rate for taxable base for the current year.
8 Inflation rate is concensus estimate for the future period.
9 Property tax rate escalation estimated by Company.
10 Incremental tax rate assumed to be 35% Federal and 6.5% State.

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
LEVELIZED FIXED CHARGE ANALYSIS

INPUT DATA

Capacity Related Distribution

VARIABLE	INPUT	
Plant Data		
CAPITALIZED COST	$1,000	
BOOK LIFE	82	
SALVAGE VALUE	-60%	
MACRS LIFE	20	
Capital Structure		
DEBT RATIO	48.16%	
PREFERRED RATIO	1.84%	
COMMON RATIO	50.00%	
OTHER	0.00%	
Cost of Capital		
DEBT COST	8.14%	
PREFERRED COST	6.42%	
COMMON COST	12.18%	
OTHER	0.00%	
WTD COST OF CAPITAL	10.13%	
AFTER TAX COST / CAP	8.59%	
Tax Data		
TAX RATE	39.23%	
ITC RATE	0.00%	
REVENUE TAX RATE	0.00%	
PROPERTY TAX RATE	2.50%	
PROPERTY INSURANCE	0.00%	
PROPERTY TAX BASIS	2	(Based on Depreciated Balance)
1 = Original Cost	--	
2 = Depreciated Bal		
Misc. Data		
INFLATION RATE	2.52%	
PROP TAX ESC RATE	2.50%	
RETURN BASIS	3	(Ending Balance)
1 = Begin of Year	--	
2 = Avg Begin & End		
3 = End of Year		

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
Development of Revenue Requirements Stream
Capacity Related Distribution

YEAR NO.	RATE BASE	INTEREST ON DEBT	ETURN ON REFERRED	ETURN ON COMMON	TAX DEPREC'N	BOOK DEPREC'N	DEFERRED TAX	TAXABLE INCOME	INC TAX PAYABLE	REVENUE TAX	PROPERTY TAX	PROPERTY NSURANCE	ANNUAL REVEUE REQM'TS	% of ORIGINAL INVESTM'T	Present Worth of Rev Req'mt
(1)	(2)	-3	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	1,000.00														
1	973.43	38.16	1.15	59.28	37.50	19.51	7.06	81.45	31.95	0.00	25.00	0.00	182.11	18.21%	167.70
2	933.26	36.59	1.10	56.84	72.19	19.51	20.66	42.66	16.73	0.00	25.13	0.00	176.55	17.66%	149.73
3	895.21	35.09	1.06	54.52	66.77	19.51	18.54	44.18	17.33	0.00	25.24	0.00	171.29	17.13%	133.77
4	859.12	33.68	1.01	52.32	61.77	19.51	16.57	45.51	17.85	0.00	25.35	0.00	166.30	16.63%	119.60
5	824.85	32.34	0.97	50.23	57.13	19.51	14.76	46.64	18.29	0.00	25.44	0.00	161.55	16.15%	106.99
6	792.26	31.06	0.94	48.25	52.85	19.51	13.08	47.59	18.67	0.00	25.53	0.00	157.03	15.70%	95.77
7	761.23	29.84	0.90	46.36	48.88	19.51	11.52	48.39	18.98	0.00	25.60	0.00	152.71	15.27%	85.77
8	731.64	28.68	0.86	44.56	45.22	19.51	10.08	49.03	19.23	0.00	25.66	0.00	148.59	14.86%	76.85
9	702.28	27.53	0.83	42.77	44.62	19.51	9.85	46.63	18.29	0.00	25.71	0.00	144.49	14.45%	68.82
10	672.92	26.38	0.79	40.98	44.62	19.51	9.85	43.64	17.12	0.00	25.74	0.00	140.37	14.04%	61.57
11	643.56	25.23	0.76	39.19	44.62	19.51	9.85	40.64	15.94	0.00	25.76	0.00	136.24	$0.14	55.03
12	614.20	24.08	0.73	37.40	44.62	19.51	9.85	37.64	14.76	0.00	25.76	0.00	132.09	$0.13	49.13
13	584.84	22.93	0.69	35.62	44.62	19.51	9.85	34.64	13.59	0.00	25.75	0.00	127.93	$0.13	43.82
14	555.48	21.78	0.66	33.83	44.62	19.51	9.85	31.64	12.41	0.00	25.72	0.00	123.75	$0.12	39.04
15	526.12	20.63	0.62	32.04	44.62	19.51	9.85	28.64	11.23	0.00	25.67	0.00	119.56	$0.12	34.73
16	496.76	19.47	0.59	30.25	44.62	19.51	9.85	25.64	10.06	0.00	25.61	0.00	115.34	$0.12	30.85
17	467.41	18.32	0.55	28.47	44.62	19.51	9.85	22.64	8.88	0.00	25.53	0.00	111.11	$0.11	27.37
18	438.05	17.17	0.52	26.68	44.62	19.51	9.85	19.64	7.71	0.00	25.42	0.00	106.85	$0.11	24.24
19	408.69	16.02	0.48	24.89	44.62	19.51	9.85	16.64	6.53	0.00	25.30	0.00	102.58	$0.10	21.43
20	379.33	14.87	0.45	23.10	44.62	19.51	9.85	13.65	5.35	0.00	25.15	0.00	98.28	$0.10	18.91
21	358.72	14.06	0.42	21.85	22.31	19.51	1.10	33.85	13.28	0.00	24.98	0.00	95.20	$0.10	16.86
22	346.86	13.60	0.41	21.12	0.00	19.51	-7.65	54.94	21.55	0.00	24.78	0.00	93.33	$0.09	15.23
23	335.00	13.13	0.40	20.40	0.00	19.51	-7.65	53.73	21.08	0.00	24.56	0.00	91.43	$0.09	13.74
24	323.15	12.67	0.38	19.68	0.00	19.51	-7.65	52.52	20.60	0.00	24.32	0.00	89.51	$0.09	12.38
25	311.29	12.20	0.37	18.96	0.00	19.51	-7.65	51.31	20.13	0.00	24.04	0.00	87.56	$0.09	11.16
26	299.43	11.74	0.35	18.24	0.00	19.51	-7.65	50.10	19.65	0.00	23.74	0.00	85.58	$0.09	10.04
27	287.57	11.27	0.34	17.51	0.00	19.51	-7.65	48.89	19.18	0.00	23.41	0.00	83.57	$0.08	9.03
28	275.71	10.81	0.33	16.79	0.00	19.51	-7.65	47.68	18.70	0.00	23.04	0.00	81.53	$0.08	8.11
29	263.85	10.34	0.31	16.07	0.00	19.51	-7.65	46.46	18.23	0.00	22.64	0.00	79.45	$0.08	7.28
30	251.99	9.88	0.30	15.35	0.00	19.51	-7.65	45.25	17.75	0.00	22.21	0.00	77.34	$0.08	6.53
31	240.14	9.41	0.28	14.62	0.00	19.51	-7.65	44.04	17.28	0.00	21.74	0.00	75.20	$0.08	5.84
32	228.28	8.95	0.27	13.90	0.00	19.51	-7.65	42.83	16.80	0.00	21.24	0.00	73.02	$0.07	5.22
33	216.42	8.48	0.26	13.18	0.00	19.51	-7.65	41.62	16.33	0.00	20.69	0.00	70.80	$0.07	4.67
34	204.56	8.02	0.24	12.46	0.00	19.51	-7.65	40.41	15.85	0.00	20.11	0.00	68.54	$0.07	4.16
35	192.70	7.55	0.23	11.74	0.00	19.51	-7.65	39.20	15.37	0.00	19.48	0.00	66.23	$0.07	3.70
36	180.84	7.09	0.21	11.01	0.00	19.51	-7.65	37.99	14.90	0.00	18.81	0.00	63.89	$0.06	3.29
37	168.98	6.62	0.20	10.29	0.00	19.51	-7.65	36.77	14.42	0.00	18.10	0.00	61.49	$0.06	2.91
38	157.13	6.16	0.19	9.57	0.00	19.51	-7.65	35.56	13.95	0.00	17.33	0.00	59.05	$0.06	2.58
39	145.27	5.69	0.17	8.85	0.00	19.51	-7.65	34.35	13.47	0.00	16.52	0.00	56.56	$0.06	2.27
40	133.41	5.23	0.16	8.12	0.00	19.51	-7.65	33.14	13.00	0.00	15.65	0.00	54.02	$0.05	2.00
41	121.55	4.77	0.14	7.40	0.00	19.51	-7.65	31.93	12.52	0.00	14.74	0.00	51.43	$0.05	1.75
42	109.69	4.30	0.13	6.68	0.00	19.51	-7.65	30.72	12.05	0.00	13.76	0.00	48.78	$0.05	1.53

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
Development of Revenue Requirements Stream
Capacity Related Distribution

YEAR NO.	RATE BASE	INTEREST ON DEBT	ETURN ON REFERRED	ETURN ON COMMON	TAX DEPREC'N	BOOK DEPREC'N	DEFERRED TAX	TAXABLE INCOME	INC TAX PAYABLE	REVENUE TAX	PROPERTY TAX	PROPERTY NSURANCE	ANNUAL REVEUE REQM'TS	% of ORIGINAL INVESTM'T	Present Worth of Rev Req'mt
(1)	(2)	-3	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
43	97.83	3.84	0.12	5.96	0.00	19.51	-7.65	29.51	11.57	0.00	12.73	0.00	46.07	$0.05	1.33
44	85.97	3.37	0.10	5.24	0.00	19.51	-7.65	28.29	11.10	0.00	11.64	0.00	43.30	$0.04	1.15
45	74.12	2.91	0.09	4.51	0.00	19.51	-7.65	27.08	10.62	0.00	10.48	0.00	40.47	$0.04	0.99
46	62.26	2.44	0.07	3.79	0.00	19.51	-7.65	25.87	10.15	0.00	9.26	0.00	37.57	$0.04	0.85
47	50.40	1.98	0.06	3.07	0.00	19.51	-7.65	24.66	9.67	0.00	7.97	0.00	34.61	$0.03	0.72
48	38.54	1.51	0.05	2.35	0.00	19.51	-7.65	23.45	9.20	0.00	6.62	0.00	31.58	$0.03	0.60
49	26.68	1.05	0.03	1.62	0.00	19.51	-7.65	22.24	8.72	0.00	5.19	0.00	28.47	$0.03	0.50
50	14.82	0.58	0.02	0.90	0.00	19.51	-7.65	21.03	8.25	0.00	3.68	0.00	25.29	$0.03	0.41
51	2.96	0.12	0.00	0.18	0.00	19.51	-7.65	19.82	7.77	0.00	2.10	0.00	22.03	$0.02	0.33
52	-8.89	-0.35	-0.01	-0.54	0.00	19.51	-7.65	18.60	7.30	0.00	0.43	0.00	18.68	$0.02	0.26
53	-20.75	-0.81	-0.02	-1.26	0.00	19.51	-7.65	17.39	6.82	0.00	-1.32	0.00	15.26	$0.02	0.19
54	-32.61	-1.28	-0.04	-1.99	0.00	19.51	-7.65	16.18	6.35	0.00	-3.16	0.00	11.74	$0.01	0.14
55	-44.47	-1.74	-0.05	-2.71	0.00	19.51	-7.65	14.97	5.87	0.00	-5.09	0.00	8.14	$0.01	0.09
56	-56.33	-2.21	-0.07	-3.43	0.00	19.51	-7.65	13.76	5.40	0.00	-7.11	0.00	4.44	$0.00	0.04
57	-68.19	-2.67	-0.08	-4.15	0.00	19.51	-7.65	12.55	4.92	0.00	-9.24	0.00	0.64	$0.00	0.01
58	-80.05	-3.14	-0.09	-4.87	0.00	19.51	-7.65	11.34	4.45	0.00	-11.46	0.00	-3.26	$0.00	-0.03
59	-91.90	-3.60	-0.11	-5.60	0.00	19.51	-7.65	10.12	3.97	0.00	-13.79	0.00	-7.27	-$0.01	-0.06
60	-103.76	-4.07	-0.12	-6.32	0.00	19.51	-7.65	8.91	3.50	0.00	-16.23	0.00	-11.38	-$0.01	-0.08
61	-115.62	-4.53	-0.14	-7.04	0.00	19.51	-7.65	7.70	3.02	0.00	-18.78	0.00	-15.61	-$0.02	-0.10
62	-127.48	-5.00	-0.15	-7.76	0.00	19.51	-7.65	6.49	2.55	0.00	-21.45	0.00	-19.96	-$0.02	-0.12
63	-139.34	-5.46	-0.16	-8.49	0.00	19.51	-7.65	5.28	2.07	0.00	-24.24	0.00	-24.42	-$0.02	-0.14
64	-151.20	-5.93	-0.18	-9.21	0.00	19.51	-7.65	4.07	1.60	0.00	-27.16	0.00	-29.02	-$0.03	-0.15
65	-163.05	-6.39	-0.19	-9.93	0.00	19.51	-7.65	2.86	1.12	0.00	-30.21	0.00	-33.74	-$0.03	-0.16
66	-174.91	-6.86	-0.21	-10.65	0.00	19.51	-7.65	1.64	0.65	0.00	-33.39	0.00	-38.60	-$0.04	-0.17
67	-186.77	-7.32	-0.22	-11.37	0.00	19.51	-7.65	0.43	0.17	0.00	-36.71	0.00	-43.60	-$0.04	-0.17
68	-198.63	-7.79	-0.23	-12.10	0.00	19.51	-7.65	-0.78	-0.31	0.00	-40.18	0.00	-48.75	-$0.05	-0.18
69	-210.49	-8.25	-0.25	-12.82	0.00	19.51	-7.65	-1.99	-0.78	0.00	-43.80	0.00	-54.04	-$0.05	-0.18
70	-222.35	-8.72	-0.26	-13.54	0.00	19.51	-7.65	-3.20	-1.26	0.00	-47.58	0.00	-59.49	-$0.06	-0.19
71	-234.21	-9.18	-0.28	-14.26	0.00	19.51	-7.65	-4.41	-1.73	0.00	-51.51	0.00	-65.11	-$0.07	-0.19
72	-246.06	-9.65	-0.29	-14.99	0.00	19.51	-7.65	-5.62	-2.21	0.00	-55.62	0.00	-70.89	-$0.07	-0.19
73	-257.92	-10.11	-0.30	-15.71	0.00	19.51	-7.65	-6.83	-2.68	0.00	-59.89	0.00	-76.84	-$0.08	-0.19
74	-269.78	-10.58	-0.32	-16.43	0.00	19.51	-7.65	-8.05	-3.16	0.00	-64.35	0.00	-82.97	-$0.08	-0.19
75	-281.64	-11.04	-0.33	-17.15	0.00	19.51	-7.65	-9.26	-3.63	0.00	-68.99	0.00	-89.29	-$0.09	-0.18
76	-293.50	-11.51	-0.35	-17.87	0.00	19.51	-7.65	-10.47	-4.11	0.00	-73.82	0.00	-95.80	-$0.10	-0.18
TOTAL		591.44	17.82	918.79	1,000.00	1,482.93	-189.43	2,024.04	793.93	0.00	270.97	0.00	3,886.45		1,566.15
PRESENT WORTH		$293.88	$8.86	$456.53	$485.88	$226.70	$101.66	$506.57	$198.70	$0.00	$279.82	$0.00	$1,566.15	$1.57	
LEVELIZED PAYMENT		$25.28	$0.76	$39.26	$41.79	$19.50	$8.74	$43.57	$17.09	$0.00	$24.07	$0.00	$134.70	$0.13	

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
LEVELIZED FIXED CHARGE ANALYSIS
Capacity Related Distribution

LINE NO.	ITEM	-- Current Dollars -- (Banker's FCR) CURRENT LEVELIZED DOLLARS	PERCENT OF CAPITAL INVESTMENT	-- Constant Dollars -- (Economist's FCR) CONSTANT LEVELIZED DOLLARS	PERCENT OF CAPITAL INVESTMENT
1	INTEREST ON DEBT	$25.28	2.53%	$18.00	1.80%
2	RETURN ON PREF	$0.76	0.08%	$0.54	0.05%
3	RETURN ON COMMON	$39.26	3.93%	$27.96	2.80%
4					
5	RETURN	$65.30	6.53%	$46.51	4.65%
6					
7	DEPRECIATION	$19.50	1.95%	$13.89	1.39%
8					
9	INCOME TAX	$17.09	1.71%	$12.17	1.22%
10	DEFERRED TAXES	$8.74	0.87%	$6.23	0.62%
11					
12	INCOME TAX	$25.83	2.58%	$18.40	1.84%
13					
14	REVENUE TAX	$0.00	0.00%	$0.00	0.00%
15	PROPERTY TAX	$24.07	2.41%	$17.14	1.71%
16	PROPERTY INSURANCE	$0.00	0.00%	$0.00	0.00%
17					
18	OTHER	$24.07	2.41%	$17.14	1.71%
19					
20					
21	TOTAL REVENUE REQ'D	$134.70	13.47%	$95.93	9.59%

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
LEVELIZED FIXED CHARGE ANALYSIS

INPUT DATA

Services Investment

VARIABLE	INPUT	
Plant Data		
CAPITALIZED COST	$1,000	
BOOK LIFE	40	years
SALVAGE VALUE	-150%	
MACRS LIFE	20	years
Capital Structure		
DEBT RATIO	48.16%	
PREFERRED RATIO	1.84%	
COMMON RATIO	50.00%	
OTHER	0.00%	
Cost of Capital		
DEBT COST	8.14%	
PREFERRED COST	6.42%	
COMMON COST	12.18%	
OTHER	0.00%	
WTD COST OF CAPITAL	10.13%	
AFTER TAX COST / CAP	8.59%	
Tax Data		
TAX RATE	39.23%	
ITC RATE	0.00%	
REVENUE TAX RATE	0.00%	
PROPERTY TAX RATE	2.50%	
PROPERTY INSURANCE	0.00%	
PROPERTY TAX BASIS	2	(Based on Depreciated Balance)
1 = Original Cost	--	
2 = Depreciated Bal		
Misc. Data		
INFLATION RATE	2.52%	
PROP TAX ESC RATE	2.50%	
RETURN BASIS	3	(Ending Balance)
1 = Begin of Year	--	
2 = Avg Begin & End		
3 = End of Year		

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
Development of Revenue Requirements Stream
Services Investment

YEAR NO.	RATE BASE	INTEREST ON DEBT	ETURN ON REFERRED	ETURN ON COMMON	TAX DEPREC'N	BOOK DEPREC'N	DEFERRED TAX	TAXABLE INCOME	INC TAX PAYABLE	REVENUE TAX	PROPERTY TAX	PROPERTY NSURANCE	ANNUAL REVEUE REQM'TS	% of ORIGINAL INVESTM'T	Present Worth of Rev Req'mt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	1,000.00														
1	947.31	37.14	1.12	57.69	37.50	62.50	-9.81	121.77	47.76	0.00	25.00	0.00	221.40	22.14%	203.89
2	881.01	34.54	1.04	53.65	72.19	62.50	3.80	80.31	31.50	0.00	24.02	0.00	211.06	21.11%	178.98
3	816.83	32.02	0.96	49.74	66.77	62.50	1.68	79.17	31.05	0.00	22.98	0.00	200.94	20.09%	156.93
4	754.62	29.58	0.89	45.96	61.77	62.50	-0.29	77.82	30.52	0.00	21.87	0.00	191.04	19.10%	137.39
5	694.22	27.22	0.82	42.28	57.13	62.50	-2.11	76.28	29.92	0.00	20.70	0.00	181.33	18.13%	120.09
6	635.51	24.91	0.75	38.70	52.85	62.50	-3.79	74.57	29.25	0.00	19.45	0.00	171.78	17.18%	104.76
7	578.35	22.67	0.68	35.22	48.88	62.50	-5.34	72.69	28.51	0.00	18.12	0.00	162.37	16.24%	91.19
8	522.63	20.49	0.62	31.83	45.22	62.50	-6.78	70.67	27.72	0.00	16.72	0.00	153.09	15.31%	79.18
9	467.14	18.31	0.55	28.45	44.62	62.50	-7.02	65.60	25.73	0.00	15.23	0.00	143.76	14.38%	68.47
10	411.66	16.14	0.49	25.07	44.62	62.50	-7.02	59.94	23.51	0.00	13.66	0.00	134.35	13.43%	58.93
11	356.17	13.96	0.42	21.69	44.62	62.50	-7.02	54.27	21.29	0.00	12.00	0.00	124.85	12.48%	50.43
12	300.69	11.79	0.36	18.31	44.62	62.50	-7.02	48.60	19.06	0.00	10.25	0.00	115.25	11.53%	42.87
13	245.21	9.61	0.29	14.93	44.62	62.50	-7.02	42.93	16.84	0.00	8.41	0.00	105.57	10.56%	36.16
14	189.72	7.44	0.22	11.55	44.62	62.50	-7.02	37.26	14.62	0.00	6.46	0.00	95.78	9.58%	30.21
15	134.24	5.26	0.16	8.17	44.62	62.50	-7.02	31.60	12.39	0.00	4.42	0.00	85.89	8.59%	24.95
16	78.75	3.09	0.09	4.80	44.62	62.50	-7.02	25.93	10.17	0.00	2.26	0.00	75.89	7.59%	20.30
17	23.27	0.91	0.03	1.42	44.62	62.50	-7.02	20.26	7.95	0.00	0.00	0.00	65.79	6.58%	16.21
18	-32.22	-1.26	-0.04	-1.96	44.62	62.50	-7.02	14.59	5.72	0.00	-2.38	0.00	55.57	5.56%	12.61
19	-87.70	-3.44	-0.10	-5.34	44.62	62.50	-7.02	8.93	3.50	0.00	-4.87	0.00	45.23	4.52%	9.45
20	-143.19	-5.61	-0.17	-8.72	44.62	62.50	-7.02	3.26	1.28	0.00	-7.49	0.00	34.77	3.48%	6.69
21	-189.92	-7.45	-0.22	-11.57	22.31	62.50	-15.77	20.79	8.16	0.00	-10.24	0.00	25.41	2.54%	4.50
22	-227.91	-8.93	-0.27	-13.88	0.00	62.50	-24.52	39.22	15.38	0.00	-13.12	0.00	17.16	1.72%	2.80
23	-265.89	-10.42	-0.31	-16.19	0.00	62.50	-24.52	35.34	13.86	0.00	-16.14	0.00	8.78	0.88%	1.32
24	-303.88	-11.91	-0.36	-18.51	0.00	62.50	-24.52	31.46	12.34	0.00	-19.30	0.00	0.25	0.02%	0.03
25	-341.86	-13.40	-0.40	-20.82	0.00	62.50	-24.52	27.58	10.82	0.00	-22.61	0.00	-8.43	-0.84%	-1.07
26	-379.84	-14.89	-0.45	-23.13	0.00	62.50	-24.52	23.70	9.30	0.00	-26.07	0.00	-17.26	-1.73%	-2.03
27	-417.83	-16.38	-0.49	-25.45	0.00	62.50	-24.52	19.82	7.77	0.00	-29.69	0.00	-26.25	-2.63%	-2.84
28	-455.81	-17.87	-0.54	-27.76	0.00	62.50	-24.52	15.94	6.25	0.00	-33.48	0.00	-35.41	-3.54%	-3.52
29	-493.80	-19.36	-0.58	-30.07	0.00	62.50	-24.52	12.06	4.73	0.00	-37.43	0.00	-44.73	-4.47%	-4.10
30	-531.78	-20.85	-0.63	-32.39	0.00	62.50	-24.52	8.18	3.21	0.00	-41.57	0.00	-54.24	-5.42%	-4.58
31	-569.77	-22.34	-0.67	-34.70	0.00	62.50	-24.52	4.30	1.69	0.00	-45.88	0.00	-63.92	-6.39%	-4.97
32	-607.75	-23.83	-0.72	-37.01	0.00	62.50	-24.52	0.42	0.16	0.00	-50.39	0.00	-73.80	-7.38%	-5.28
33	-645.73	-25.31	-0.76	-39.33	0.00	62.50	-24.52	-3.46	-1.36	0.00	-55.09	0.00	-83.87	-8.39%	-5.53
34	-683.72	-26.80	-0.81	-41.64	0.00	62.50	-24.52	-7.34	-2.88	0.00	-60.00	0.00	-94.15	-9.41%	-5.71
35	-721.70	-28.29	-0.85	-43.95	0.00	62.50	-24.52	-11.22	-4.40	0.00	-65.12	0.00	-104.63	-10.46%	-5.85
36	-759.69	-29.78	-0.90	-46.26	0.00	62.50	-24.52	-15.10	-5.92	0.00	-70.45	0.00	-115.34	-11.53%	-5.94
37	-797.67	-31.27	-0.94	-48.58	0.00	62.50	-24.52	-18.98	-7.45	0.00	-76.02	0.00	-126.27	-12.63%	-5.98
38	-835.66	-32.76	-0.99	-50.89	0.00	62.50	-24.52	-22.86	-8.97	0.00	-81.81	0.00	-137.43	-13.74%	-6.00
39	-873.64	-34.25	-1.03	-53.20	0.00	62.50	-24.52	-26.74	-10.49	0.00	-87.85	0.00	-148.84	-14.88%	-5.98
40	-911.63	-35.74	-1.08	-55.52	0.00	62.50	-24.52	-30.62	-12.01	0.00	-94.14	0.00	-160.50	-16.05%	-5.94
41	0.00	0.00	0.00	0.00	1,500.00	0.00	588.38	-1,500.00	-588.38	0.00	0.00	0.00	0.00	0.00%	0.00
42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
Development of Revenue Requirements Stream
Services Investment

YEAR NO.	RATE BASE	INTEREST ON DEBT	ETURN ON REFERRED	ETURN ON COMMON	TAX DEPREC'N	BOOK DEPREC'N	DEFERRED TAX	TAXABLE INCOME	INC TAX PAYABLE	REVENUE TAX	PROPERTY TAX	PROPERTY NSURANCE	ANNUAL REVEUE REQM'TS	% of ORIGINAL INVESTM'T	Present Worth of Rev Req'mt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
TOTAL		-127.06	-3.83	-197.39	2,500.00	2,500.00	0.00	-331.09	-129.87	0.00	-709.62	0.00	1,332.22		1,383.02
PRESENT WORTH		$166.29	$5.01	$258.33	$537.00	$700.61	-$64.18	$596.92	$234.14	$0.00	$82.81	$0.00	$1,383.02	138.30%	
LEVELIZED PAYMENT		$14.83	$0.45	$23.05	$47.90	$62.50	-$5.73	$53.25	$20.89	$0.00	$7.39	$0.00	$123.38	12.34%	

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
LEVELIZED FIXED CHARGE ANALYSIS
Services Investment

LINE NO.	ITEM	-- Current Dollars -- (Banker's FCR) CURRENT LEVELIZED DOLLARS	PERCENT OF CAPITAL INVESTMENT	-- Constant Dollars -- (Economist's FCR) CONSTANT LEVELIZED DOLLARS	PERCENT OF CAPITAL INVESTMENT
1	INTEREST ON DEBT	$14.83	$0.01	$11.22	1.12%
2	RETURN ON PREF	$0.45	$0.00	$0.34	$0.00
3	RETURN ON COMMON	$23.05	$0.02	$17.43	$0.02
4					
5	RETURN	$38.33	3.83%	$28.98	2.90%
6					
7	DEPRECIATION	$62.50	$0.06	$47.27	$0.05
8					
9	INCOME TAX	$20.89	$0.02	$15.80	$0.02
10	DEFERRED TAXES	-$5.73	-$0.01	-$4.33	$0.00
11					
12	INCOME TAX	$15.16	1.52%	$11.47	1.15%
13					
14	REVENUE TAX	$0.00	$0.00	$0.00	$0.00
15	PROPERTY TAX	$7.39	$0.01	$5.59	$0.01
16	PROPERTY INSURANCE	$0.00	$0.00	$0.00	$0.00
17					
18	OTHER	$7.39	0.74%	$5.59	0.56%
19					
20					
21	TOTAL REVENUE REQ'D	$123.38	12.34%	$93.30	9.33%

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
LEVELIZED FIXED CHARGE ANALYSIS

INPUT DATA

Metering Equipment

VARIABLE	INPUT	
Plant Data		
CAPITALIZED COST	$1,000	
BOOK LIFE	33	years
SALVAGE VALUE	3%	
MACRS LIFE	20	years
Capital Structure		
DEBT RATIO	48.16%	
PREFERRED RATIO	1.84%	
COMMON RATIO	50.00%	
OTHER	0.00%	
Cost of Capital		
DEBT COST	8.14%	
PREFERRED COST	6.42%	
COMMON COST	12.18%	
OTHER	0.00%	
WTD COST OF CAPITAL	10.13%	
AFTER TAX COST / CAP	8.59%	
Tax Data		
TAX RATE	39.23%	
ITC RATE	0.00%	
REVENUE TAX RATE	0.00%	
PROPERTY TAX RATE	2.50%	
PROPERTY INSURANCE	0.00%	
PROPERTY TAX BASIS	2	(Based on Depreciated Balance)
1 = Original Cost	--	
2 = Depreciated Bal		
Misc. Data		
INFLATION RATE	2.52%	
PROP TAX ESC RATE	2.50%	
RETURN BASIS	3	(Ending Balance)
1 = Begin of Year	--	
2 = Avg Begin & End		
3 = End of Year		

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
Development of Revenue Requirements Stream
Metering Equipment

YEAR NO.	RATE BASE	INTEREST ON DEBT	ETURN ON REFERRED	ETURN ON COMMON	TAX DEPREC'N	BOOK DEPREC'N	DEFERRED TAX	TAXABLE INCOME	INC TAX PAYABLE	REVENUE TAX	PROPERTY TAX	PROPERTY INSURANCE	ANNUAL REVEUE REQM'TS	% of ORIGINAL INVESTM'T	Present Worth of Rev Req'mt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	1,000.00														
1	967.43	37.93	1.14	58.92	37.50	29.39	3.18	90.72	35.58	0.00	25.00	0.00	191.14	19.11%	176.02
2	921.25	36.11	1.09	56.10	72.19	29.39	16.79	51.31	20.13	0.00	24.87	0.00	184.49	18.45%	156.45
3	877.19	34.39	1.04	53.42	66.77	29.39	14.66	52.22	20.49	0.00	24.72	0.00	178.11	17.81%	139.09
4	835.10	32.74	0.99	50.86	61.77	29.39	12.70	52.93	20.76	0.00	24.55	0.00	171.98	17.20%	123.69
5	794.82	31.16	0.94	48.40	57.13	29.39	10.88	53.45	20.97	0.00	24.35	0.00	166.09	16.61%	110.00
6	756.23	29.65	0.89	46.05	52.85	29.39	9.20	53.79	21.10	0.00	24.13	0.00	160.42	16.04%	97.84
7	719.19	28.19	0.85	43.80	48.88	29.39	7.65	53.97	21.17	0.00	23.88	0.00	154.93	15.49%	87.02
8	683.59	26.80	0.81	41.63	45.22	29.39	6.21	54.00	21.18	0.00	23.60	0.00	149.62	14.96%	77.39
9	648.23	25.41	0.77	39.48	44.62	29.39	5.97	50.99	20.00	0.00	23.30	0.00	144.32	14.43%	68.74
10	612.86	24.03	0.72	37.32	44.62	29.39	5.97	47.38	18.59	0.00	22.96	0.00	138.98	13.90%	60.96
11	577.50	22.64	0.68	35.17	44.62	29.39	5.97	43.77	17.17	0.00	22.60	0.00	133.62	13.36%	53.97
12	542.13	21.25	0.64	33.02	44.62	29.39	5.97	40.16	15.75	0.00	22.20	0.00	128.22	12.82%	47.69
13	506.77	19.87	0.60	30.86	44.62	29.39	5.97	36.54	14.33	0.00	21.76	0.00	122.79	12.28%	42.06
14	471.40	18.48	0.56	28.71	44.62	29.39	5.97	32.93	12.92	0.00	21.29	0.00	117.32	11.73%	37.01
15	436.04	17.09	0.52	26.55	44.62	29.39	5.97	29.32	11.50	0.00	20.79	0.00	111.82	11.18%	32.48
16	400.67	15.71	0.47	24.40	44.62	29.39	5.97	25.71	10.08	0.00	20.24	0.00	106.27	10.63%	28.43
17	365.31	14.32	0.43	22.25	44.62	29.39	5.97	22.09	8.67	0.00	19.66	0.00	100.69	10.07%	24.80
18	329.95	12.93	0.39	20.09	44.62	29.39	5.97	18.48	7.25	0.00	19.03	0.00	95.06	9.51%	21.57
19	294.58	11.55	0.35	17.94	44.62	29.39	5.97	14.87	5.83	0.00	18.36	0.00	89.39	8.94%	18.67
20	259.22	10.16	0.31	15.79	44.62	29.39	5.97	11.26	4.42	0.00	17.65	0.00	83.68	8.37%	16.10
21	232.60	9.12	0.27	14.17	22.31	29.39	-2.78	30.85	12.10	0.00	16.88	0.00	79.16	7.92%	14.02
22	214.74	8.42	0.25	13.08	0.00	29.39	-11.53	51.33	20.13	0.00	16.07	0.00	75.82	7.58%	12.37
23	196.87	7.72	0.23	11.99	0.00	29.39	-11.53	49.50	19.42	0.00	15.21	0.00	72.43	7.24%	10.88
24	179.01	7.02	0.21	10.90	0.00	29.39	-11.53	47.68	18.70	0.00	14.29	0.00	68.99	6.90%	9.54
25	161.15	6.32	0.19	9.81	0.00	29.39	-11.53	45.85	17.99	0.00	13.32	0.00	65.49	6.55%	8.34
26	143.28	5.62	0.17	8.73	0.00	29.39	-11.53	44.03	17.27	0.00	12.29	0.00	61.94	6.19%	7.27
27	125.42	4.92	0.15	7.64	0.00	29.39	-11.53	42.21	16.56	0.00	11.20	0.00	58.32	5.83%	6.30
28	107.55	4.22	0.13	6.55	0.00	29.39	-11.53	40.38	15.84	0.00	10.05	0.00	54.65	5.46%	5.44
29	89.69	3.52	0.11	5.46	0.00	29.39	-11.53	38.56	15.12	0.00	8.83	0.00	50.90	5.09%	4.66
30	71.83	2.82	0.08	4.37	0.00	29.39	-11.53	36.73	14.41	0.00	7.55	0.00	47.10	4.71%	3.97
31	53.96	2.12	0.06	3.29	0.00	29.39	-11.53	34.91	13.69	0.00	6.20	0.00	43.22	4.32%	3.36
32	36.10	1.42	0.04	2.20	0.00	29.39	-11.53	33.08	12.98	0.00	4.77	0.00	39.27	3.93%	2.81
33	18.23	0.71	0.02	1.11	0.00	29.39	-11.53	31.26	12.26	0.00	3.27	0.00	35.24	3.52%	2.32
34	0.00	0.00	0.00	0.00	-30.00	0.00	-11.77	30.00	11.77	0.00	0.00	0.00	0.00	0.00%	0.00
35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
Development of Revenue Requirements Stream
Metering Equipment

YEAR NO.	RATE BASE	INTEREST ON DEBT	ETURN ON REFERRED	ETURN ON COMMON	TAX DEPREC'N	BOOK DEPREC'N	DEFERRED TAX	TAXABLE INCOME	INC TAX PAYABLE	REVENUE TAX	PROPERTY TAX	PROPERTY INSURANCE	ANNUAL REVEUE REQM'TS	% of ORIGINAL INVESTM'T	Present Worth of Rev Req'mt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
TOTAL		534.32	16.10	830.06	970.00	970.00	0.00	1,392.28	546.12	0.00	584.87	0.00	3,481.48		1,511.26
PRESENT WORTH		$265.09	$7.99	$411.81	$484.06	$319.62	$64.50	$526.30	$206.44	$0.00	$235.81	$0.00	$1,511.26	151.13%	
LEVELIZED PAYMENT		$24.38	$0.73	$37.87	$44.52	$29.39	$5.93	$48.40	$18.99	$0.00	$21.69	$0.00	$138.99	13.90%	

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
LEVELIZED FIXED CHARGE ANALYSIS
Metering Equipment

LINE NO.	ITEM	-- Current Dollars -- (Banker's FCR) CURRENT LEVELIZED DOLLARS	PERCENT OF CAPITAL INVESTMENT	-- Constant Dollars -- (Economist's FCR) CONSTANT LEVELIZED DOLLARS	PERCENT OF CAPITAL INVESTMENT
1	INTEREST ON DEBT	$24.38	2.44%	$18.93	1.89%
2	RETURN ON PREF	$0.73	0.07%	$0.57	0.06%
3	RETURN ON COMMON	$37.87	3.79%	$29.40	2.94%
4					
5	RETURN	$62.99	6.30%	$48.90	4.89%
6					
7	DEPRECIATION	$29.39	2.94%	$22.82	2.28%
8					
9	INCOME TAX	$18.99	1.90%	$14.74	1.47%
10	DEFERRED TAXES	$5.93	0.59%	$4.61	0.46%
11					
12	INCOME TAX	$24.92	2.49%	$19.35	1.93%
13					
14	REVENUE TAX	$0.00	0.00%	$0.00	0.00%
15	PROPERTY TAX	$21.69	2.17%	$16.84	1.68%
16	PROPERTY INSURANCE	$0.00	0.00%	$0.00	0.00%
17					
18	OTHER	$21.69	2.17%	$16.84	1.68%
19					
20					
21	TOTAL REVENUE REQ'D	$138.99	13.90%	$107.91	10.79%

Schedule - 7
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Development of Weighted Plant Book Lives and Salvage

Line No.	Description	Acct No.	2002 Depr Plant Balance {2}	Average Service Life {3}	Net Salvage Value
	PRODUCTION PLANT {1}		(1)	(2)	(3)
1					
2	STRUCT. & IMPROVEMENTS	305	2,507,100	35	-10.00%
3	OTHER POWER EQUIPTMENT	307	589,190	30	0.00%
4	L.P. GAS EQUIPTMENT	311	4,926,660	28	10.00%
5	GAS MIXING EQUIPTMENT	319	1,184,588	20	0.00%
6	OTHER EQUIPMENT	320	1,503,185	22	0.00%
7	STORAGE PLANT		819,159	50	-10.00%
8					
9	Total Production Plant		$11,529,883	30	1%
10					
11					
12	DISTRIBUTION INVESTMENT (excluding Customer Equip)				
13					
14	LAND & LAND RIGHTS	365.1	0	0	0.00%
15	RIGHT OF WAY	365.2	0	15	0.00%
16	STRUCT.& IMPROVEMENTS	366	6,723,879	35	-20.00%
17	GAS MAINS	367	528,247,798	71	-60.00%
18	CLAMPING	367	12,960,502	15	0.00%
19	MEAS & REG STA EQUIPMENT	369	13,684,320	40	0.00%
20					
21	Total Distribution Capacity		$561,616,499	69	-57%
22					
23					
24					
25	SERVICES AND METERS				
26					
27	GAS SERVICES	380	383,099,386	40	-150.00%
28					
29					
30					
31	GAS METERS	381	51,677,597	33	3.00%
32	AMR ERTS	381.23	36,858,144	14	0.00%
33	METER INSTALLATIONS	382	13,771,669	35	0.00%
34					
35					
36	Total Metering Equipment		$102,307,409	26	1.52%

NOTES:
1 Not used for MCS. All Production Plant recovered in CGA.
2 Plant balances taken from DTE Report of 12/31/2002
3 Service lives and salvage values taken from current Depreciation Study.

Schedule - 8
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Marginal Capacity Costs

Line No.	Description	--PRODUCTION-- WINTER	SUMMER	--TRANS & DIST-- WINTER	SUMMER	TOTAL WINTER
		(1)	(2)	(3)	(4)	(5)
	PLANT INVESTMENT					
1	Long-Run Unit Costs - $/Design Day MMBtu {1}			$499.15	$0.00	$499.15
2	General Plant Loading Factor {2}			6.50%	6.50%	6.50%
3	Unit Costs + Loading Factor (1)+(1)*(2)			$531.60	$0.00	$531.60
4						
5	Fixed Charge Rate {3}			9.59%	9.59%	
6	A & G Exp Plant-Related Loading Factor {4}			0.67%	0.67%	
7	Total Rate (5)+(6)			10.26%	10.26%	
8						
9	Annualized Cost (3)*(7)			$54.54	$0.00	$54.54
10						
11	OPERATING EXPENSES					
12	Production capacity costs {5}	$0.83	$0.00			$0.83
13	Distribution capacity costs {6}			$41.45	$0.00	$41.45
14	A&G Exp Non-Plant Loading Factor {4}	49.80%	49.80%	49.80%	49.80%	49.80%
15	Plant + Labor Loading [(12)+(13)]*[1+(14)]	$1.24	$0.00	$62.09	$0.00	$63.33
16						
17	WORKING CAPITAL - $/Design Day MMBtu					
18	Materials & Supplies + Prepayments Rate {2}	6.69%	6.69%	6.69%	6.69%	6.69%
19	M&S Cost (3)*(18)	$0.00	$0.00	$35.58	$0.00	$35.58
20	Working Cash O&M Allowance {7} (15)*7.63%	$0.09	$0.00	$4.74	$0.00	$4.83
21	Total Working Capital (19)+(20)	$0.09	$0.00	$40.31	$0.00	$40.41
22						
23	Working Capital Rev. Req'd {8} (21)*14.14%	$0.01	$0.00	$5.70	$0.00	$5.71
24						
25	System Seasonal Capacity Related Cost					
26	$/Des'n Day MMBtu (9)+(15)+(23)	$1.25	$0.00	$122.33	$0.00	$123.58
27						
28	Loss Factor {2}	0.9556	0.9556	0.9556	0.9556	0.9556
29	Inflation Adjustment {9}	0.0525	0.0525	0.0525	0.0525	0.0525
30						
31	**Seasonal Capacity Cost (26)*[1+(29)]/(28)**	**$1.38**	**$0.00**	**$134.74**	**$0.00**	**$136.12**
		=======	=======	=======	=======	=======

NOTES:

1 Source: Schedule - 1, page 1.
2 Source: Schedule - 6, page 4.
3 Source: Schedule - 7, page 1.
4 Source: Schedule - 6, page 1.
5 Source: Schedule - 3, page 1.
6 Source: Schedule - 4, page 1.
7 Working cash computed on the basis of 27.84 days net lag from expense to revenue.
8 Revenue requirement for working cash computed as the after tax cost of capital, i.e. debt costs reduced by taxes and equity costs increased by taxes equals 14.14%
9 Inflation adjustment to restate marginal costs from test year to rate year dollars.

Schedule - 9
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Marginal Customer Costs

Line No.	Description	Residential		Low LF				High LF			
		NH R-1	Htg R-3	G-41	G-42	G-43	G-44	G-51	G-52	G-53	G-54
	PLANT INVESTMENT										
1	Services {1}	$0	$1,506	$1,578	$1,612	$4,119	$14,678	$1,564	$1,587	$4,020	$15,710
2	General Plant Loading Factor {2}	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
3	Services & Gen Plant (1)*[1+(2)]	$0.00	$1,603.64	$1,680.80	$1,716.46	$4,387.00	$15,632.47	$1,665.75	$1,690.45	$4,280.83	$16,731.40
4	Services Fixed Charge Rate {3}	9.33%	9.33%	9.33%	9.33%	9.33%	9.33%	9.33%	9.33%	9.33%	9.33%
5	Annual Services Carrying Cost (3)*(4)	$0.00	$149.62	$156.82	$160.15	$409.32	$1,458.55	$155.42	$157.72	$399.41	$1,561.08
6											
7	Meters and Regulators {4}	$106.46	$111.21	$308.75	$1,022.51	$4,548.50	$9,772.07	$303.42	$1,040.56	$4,928.01	$3,838.64
8	Other Equipment {5}	0	0	0	0	0	0	0	0	0	0
9	Total Customer Premises (7)+(8)	$106.46	$111.21	$308.75	$1,022.51	$4,548.50	$9,772.07	$303.42	$1,040.56	$4,928.01	$3,838.64
10	General Plant Loading Factor {2}	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
11	Meters & Gen Plant (9)*[1+(10)]	$113.38	$118.44	$328.82	$1,088.98	$4,844.18	$10,407.32	$323.15	$1,108.20	$5,248.36	$4,088.17
12	Meters Fixed Charge Rate {3}	10.79%	10.79%	10.79%	10.79%	10.79%	10.79%	10.79%	10.79%	10.79%	10.79%
13	Annual Meters Carrying Cost (11)*(12)	$12.23	$12.78	$35.48	$117.51	$522.73	$1,123.04	$34.87	$119.58	$566.34	$441.15
14											
15	Total Services & Meters (5)+(13)	$12.23	$162.40	$192.31	$277.66	$932.05	$2,581.59	$190.29	$277.31	$965.76	$2,002.23
16	A & G Exp Plant-Related Loading Fac {6}	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
17											
18	Total Annualized Plant Cost (15)*(1+(16))	$12.32	$163.49	$193.59	$279.51	$938.26	$2,598.79	$191.56	$279.16	$972.19	$2,015.57
19											
20	OPERATING EXPENSES										
21	Plant Related O&M $/Customer {7}	$26.12	$57.81	$92.57	$186.23	$419.95	$1,843.02	$66.58	$140.33	$329.36	$2,231.20
22	Customer Acctg & Mktg Expenses {8}	$38.56	$70.56	$106.07	$149.44	$326.56	$1,258.53	$109.19	$166.62	$331.97	$2,017.52
23	A&G Exp Non-Plant Loading Factor {6}	49.80%	49.80%	49.80%	49.80%	49.80%	49.80%	49.80%	49.80%	49.80%	49.80%
24	Plant + Labor Load [(21)+(22)]*[1+(23)]	$96.90	$192.31	$297.57	$502.83	$1,118.26	$4,646.09	$263.31	$459.80	$990.66	$6,364.53
25											
26	WORKING CAPITAL - $/Customer										
27	Material & Supplies + Prepayments {2}	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%
28	M&S Cost [(3)+(11)]*(27)	$7.59	$115.25	$134.49	$187.75	$617.79	$1,742.69	$133.11	$187.30	$637.73	$1,393.34
29	Working Cash O&M Allow {9} (24)*7.63%	$7.39	$14.67	$22.70	$38.37	$85.32	$354.50	$20.09	$35.08	$75.59	$485.61
30	Total Working Capital (28)+(29)	$14.98	$129.92	$157.20	$226.12	$703.11	$2,097.19	$153.20	$222.38	$713.32	$1,878.95
31											
32	Working Capital Rev. Reqmt (30)*14.14% {3}	$2.12	$18.36	$22.22	$31.96	$99.39	$296.44	$21.65	$31.43	$100.83	$265.59
33											
34	Annual Customer Related Cost	$111.33	$374.16	$513.37	$814.30	$2,155.90	$7,541.32	$476.52	$770.39	$2,063.68	$8,645.69
35	$/Customer (18)+(24)+(32)										
36	Inflation Adjustment {10}	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
37											
38	**Annual Customer Cost (34)*[1+(36)]**	**$117.18**	**$393.80**	**$540.33**	**$857.05**	**$2,269.09**	**$7,937.24**	**$501.53**	**$810.84**	**$2,172.03**	**$9,099.59**
		=======	=======	=======	==========	==========	==========	=======	==========	==========	==========

NOTES:

1 Source: Schedule - 2, Page 1.
2 Source: Schedule - 6, Page 3.
3 Source: Schedule - 7, Page 1.
4 Source: Schedule - 2, Page 2.
5 Other equipment costs assumed to be unrelated to marginal customer cost.
6 Source: Schedule - 6, page 1.
7 Source: Schedule - 5, page 2.
8 Source: Schedule - 5, page 4.
9 Working cash computed on the basis of 27.84 days net lag from expense to revenue.
10 Source: Schedule - 1, Page 3; Exhibit KEDNE/PJM-2, page

Schedule - 9

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Marginal Customer Costs

Line No.	Description	Sl. Lg. G-07	Res Large G-17
	PLANT INVESTMENT		
1	Services {1}	$0	$0
2	General Plant Loading Factor {2}	6.50%	6.50%
3	Services & Gen Plant (1)*[1+(2)]	$0.00	$0.00
4	Services Fixed Charge Rate {3}	9.33%	9.33%
5	Annual Services Carrying Cost (3)*(4)	$0.00	$0.00
6			
7	Meters and Regulators {4}	$14.93	$14.93
8	Other Equipment {5}	0	0
9	Total Customer Premises (7)+(8)	$14.93	$14.93
10	General Plant Loading Factor {2}	6.50%	6.50%
11	Meters & Gen Plant (9)*[1+(10)]	$15.90	$15.90
12	Meters Fixed Charge Rate {3}	10.79%	10.79%
13	Annual Meters Carrying Cost (11)*(12)	$1.72	$1.72
14			
15	Total Services & Meters (5)+(13)	$1.72	$1.72
16	A & G Exp Plant-Related Loading Fac {6}	0.67%	0.67%
17			
18	Total Annualized Plant Cost (15)*(1+(16))	$1.73	$1.73
19			
20	OPERATING EXPENSES		
21	Plant Related O&M $/Customer {7}	$4,666.60	$150.00
22	Customer Acctg & Mktg Expenses {8}	$18,336.88	$100.00
23	A&G Exp Non-Plant Loading Factor {6}	49.80%	49.80%
24	Plant + Labor Load [(21)+(22)]*[1+(23)]	$34,458.90	$374.50
25			
26	WORKING CAPITAL - $/Customer		
27	Material & Supplies + Prepayments {2}	6.69%	6.69%
28	M&S Cost [(3)+(11)]*(27)	$1.06	$1.06
29	Working Cash O&M Allow {9} (24)*7.63%	$2,629.21	$28.57
30	Total Working Capital (28)+(29)	$2,630.28	$29.64
31			
32	Working Capital Rev. Reqmt (30)*14.14% {3}	$371.79	$4.19
33			
34	Annual Customer Related Cost	$34,832.42	$380.42
35	$/Customer (18)+(24)+(32)		
36	Inflation Adjustment {10}	5.25%	5.25%
37			
38	**Annual Customer Cost (34)*[1+(36)]**	**$36,661.13**	**$400.39**
		==========	=======

NOTES:

1 Source: Schedule - 2, Page 1.
2 Source: Schedule - 6, Page 3.
3 Source: Schedule - 7, Page 1.
4 Source: Schedule - 2, Page 2.
5 Other equipment costs assumed to be unrelated to marginal customer cost.
6 Source: Schedule - 6, page 1.
7 Source: Schedule - 5, page 2.
8 Source: Schedule - 5, page 4.
9 Working cash computed on the basis of 27.84 days net lag from expense to revenue.
10 Source: Schedule - 1, Page 3; Exhibit KEDNE/PJM-2, page

Schedule - 10
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Long Run Marginal Costs

Line No.	Description	Residential		Low LF				High LF			
		NH R-1	Htg R-3	G-41	G-42	G-43	G-44	G-51	G-52	G-53	G-54
1	CUSTOMER CHARGE										
2	Customer Charge, $'s per Month {1}	9.76	32.82	45.03	71.42	189.09	661.44	41.79	67.57	181.00	758.30
3											
4	WINTER CHARGES										
5											
6	Demand Charge, $/Dsn Day MMBTU {2}	$136.12	$136.12	$136.12	$136.12	$136.12	$136.12	$136.12	$136.12	$136.12	$136.12
7											
8											
9	SUMMER CHARGES										
10											
11	Demand Charge, $/Dsn Day MMBTU {2}	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12											
13											
14											
15											
16											
17	BILLING DETERMINANTS {3}										
18	Customers	159,980	348,698	19,196	6,685	4,367	392	9,131	3,121	1,545	182
19	Design Day MMBTU	19,135	467,080	36,407	51,544	119,819	70,364	7,683	11,860	20,464	29,236
20	Winter MMBTU	1,811,500	32,207,831	2,341,032	3,469,664	8,744,934	5,035,966	814,171	1,168,383	2,128,742	3,037,279
21	Summer MMBTU	1,198,967	7,990,488	383,344	755,651	2,164,533	1,474,842	548,508	1,017,022	1,428,645	2,037,197
22											
23											
24											
25											
26	REVENUES FROM FULL MARGINAL COST PRICING										
27											
28	Customer (2) * (18) * 12	18,745,728	137,317,170	10,371,843	5,729,617	9,909,302	3,109,352	4,579,717	2,530,753	3,356,685	1,659,858
29											
30	Winter										
31	Winter Demand (6) * (19)	2,604,677	63,578,030	4,955,615	7,016,105	16,309,603	9,577,877	1,045,742	1,614,362	2,785,510	3,979,593
32											
33	Total Winter	2,604,677	63,578,030	4,955,615	7,016,105	16,309,603	9,577,877	1,045,742	1,614,362	2,785,510	3,979,593
34											
35	Summer										
36	Summer Demand	0	0	0	0	0	0	0	0	0	0
37											
38	Total Summer	0	0	0	0	0	0	0	0	0	0
39											
40											
41	Total Marginal Rev Reqd (28)+(31)+(36)	21,350,405	200,895,200	15,327,458	12,745,721	26,218,906	12,687,229	5,625,459	4,145,115	6,142,194	5,639,451

1 Exhibit 9 Line 38/12 Months
2 Exhibit 8 Line 31
3 Source: Schedule - 10, page 3.

Schedule - 10

BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Long Run Marginal Costs

Line No.	Description	Sl. Lg. G-07	Res. Larger G-17
1	CUSTOMER CHARGE		
2	Customer Charge, $'s per Month {1}	3,055.09	33.37
3			
4	WINTER CHARGES		
5			
6	Demand Charge, $/Dsn Day MMBTU {2}	$136.12	$136.12
7			
8			
9	SUMMER CHARGES		
10			
11	Demand Charge, $/Dsn Day MMBTU {2}	$0.00	$0.00
12			
13			
14			
15			
16			
17	BILLING DETERMINANTS {3}		
18	Customers	3	20
19	Design Day MMBTU	405	3
20	Winter MMBTU	42,732	215
21	Summer MMBTU	42,660	248
22			
23			
24			
25			
26	REVENUES FROM FULL MARGINAL COST P		
27			
28	Customer (2) * (18) * 12	109,983	8,008
29			
30	Winter		
31	Winter Demand (6) * (19)	55,128	381
32			
33	Total Winter	55,128	381
34			
35	Summer		
36	Summer Demand	0	0
37			
38	Total Summer	0	0
39			
40			
41	Total Marginal Rev Reqd (28)+(31)+(36)	165,111	8,389

1 Exhibit 9 Line 38/12 Months
2 Exhibit 8 Line 31
3 Source: Schedule - 10, page 3.

Schedule - 10
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Test Year Billing Determinants (All Data in Therms)

Line No.	Description		NO. OF CUSTOMERS	TEST YEAR SALES ANNUAL TOTAL	TEST YEAR SALES WINTER	TEST YEAR SALES SUMMER	DESIGN DAY PEAK SENDOUT
			(1)	(2)	(3)	(4)	(5)
			{1}	{2}	{2}	{2}	{3}
1	Residential						
2	NH R-1	{4}	159,980	30,104,668	18,114,999	11,989,669	191,354
3	Htg R-3	{4}	348,698	401,983,189	322,078,307	79,904,883	4,670,795
4	Total		508,678	432,087,857	340,193,306	91,894,551	4,862,149
5							
6	Low LF						
7	G-41		19,196	27,243,767	23,410,323	3,833,444	364,067
8	G-42		6,685	42,253,156	34,696,642	7,556,514	515,442
9	G-43		4,367	109,094,669	87,449,344	21,645,325	1,198,194
10	G-44		392	65,108,075	50,359,655	14,748,420	703,644
11	Total		30,640	243,699,668	195,915,965	47,783,703	2,781,347
12							
13	High LF						
14	G-51		9,131	13,626,797	8,141,713	5,485,085	76,826
15	G-52		3,121	21,854,054	11,683,834	10,170,219	118,600
16	G-53		1,545	35,573,868	21,287,418	14,286,451	204,639
17	G-54		182	50,744,755	30,372,787	20,371,968	292,363
18	Total		13,980	121,799,475	71,485,752	50,313,723	692,428
19							
20	St. Ltg & Res Lamps						
21	G-07		3	853,919	427,321	426,598	4,050
22	G-17		20	4,630	2,151	2,479	28
23	Total		23	858,549	429,472	429,077	4,078
24							
25	Company Total		553,320	798,445,548	608,024,494	190,421,054	8,340,002

NOTES:
1 Average annual bills for the test year.
2 Source: Exhibit BGC/PMD-4
3 Design day demands estimated by regressing class monthly billing data against degree days.
4 Includes Low Income Rate.

Schedule - 11
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Marginal Unit Costs per MMBtu

Line No.	Description		Residential NH R-1	Residential Htg R-3	Low LF G-41	Low LF G-42	Low LF G-43	Low LF G-44	High LF G-51	High LF G-52	High LF G-53	High LF G-54
1	CUSTOMER CHARGE											
2	Customer Charge	$'s per Month	$9.76	$32.82	$45.03	$71.42	$189.09	$661.44	$41.79	$67.57	$181.00	$758.30
3												
4												
5	WINTER CHARGES											
6	Demand Charge	$'s per MMBTU	$1.438	$1.974	$2.117	$2.022	$1.865	$1.902	$1.284	$1.382	$1.309	$1.310
7												
8	**Total Winter**	**$'s per MMBTU**	**$1.438**	**$1.974**	**$2.117**	**$2.022**	**$1.865**	**$1.902**	**$1.284**	**$1.382**	**$1.309**	**$1.310**
9												
10	SUMMER CHARGES											
11	Demand Charge	$'s per MMBTU	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
12												
13	**Total Summer**	**$'s per MMBTU**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$0.000**	**$0.000**
14												
15												
16												
17	BILLING DETERMINANTS	(2002)										
18	Customers		159,980	348,698	19,196	6,685	4,367	392	9,131	3,121	1,545	182
19	Peak Day MMBTU		19,135	467,080	36,407	51,544	119,819	70,364	7,683	11,860	20,464	29,236
20	Winter MMBTU		1,811,500	32,207,831	2,341,032	3,469,664	8,744,934	5,035,966	814,171	1,168,383	2,128,742	3,037,279
21	Summer MMBTU		1,198,967	7,990,488	383,344	755,651	2,164,533	1,474,842	548,508	1,017,022	1,428,645	2,037,197
22	Total Annual MMBTU		3,010,467	40,198,319	2,724,377	4,225,316	10,909,467	6,510,808	1,362,680	2,185,405	3,557,387	5,074,476

Schedule - 11
BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND
MARGINAL COST ANALYSIS

Summary of Marginal Unit Costs per MMBtu

Line No.	Description		St. Ltg G-07	Res Lamps G-17
1	CUSTOMER CHARGE			
2	Customer Charge	$'s per Month	$3,055.09	$33.37
3				
4				
5	WINTER CHARGES			
6	Demand Charge	$'s per MMBTU	$1.290	$1.772
7				
8	**Total Winter**	**$'s per MMBTU**	**$1.290**	**$1.772**
9				
10	SUMMER CHARGES			
11	Demand Charge	$'s per MMBTU	$0.000	$0.000
12				
13	**Total Summer**	**$'s per MMBTU**	**$0.000**	**$0.000**
14				
15				
16				
17	BILLING DETERMINANTS	(2002)		
18	Customers		3	20
19	Peak Day MMBTU		405	3
20	Winter MMBTU		42,732	215
21	Summer MMBTU		42,660	248
22	Total Annual MMBTU		85,392	463