

Exhibit-C: KeySpan Energy Delivery - NH DSM/MT Program Year Three (2008-2009): Shareholder Incentive Calculation - August 27, 2009

Program	Expenditures (Budget) for Program Year 2	Design Goal for PY 1	Projected Lifetime Therm Savings	Actual Lifetime Therm Savings <sup>1</sup>	Actual LTT/Projected LTT	Projected TRC <sup>2</sup>	Actual TRC <sup>3</sup>	Actual TRC/Projected TRC	Lifetime Savings Incentive	Cost-effectiveness Incentive	Actual Pre-Tax Design Incentive
<b>Residential</b>											
Low Income	\$ 442,864	160 Participants	1,082,880	1,536,336	1.419	3.50	6.05	1.73			
Residential Weatherization	\$ 89,557	45 Rebates	331,200	1,449,920	4.378	3.52	7.20	2.04			
Residential High Efficiency Heating	\$ 271,179	500 Rebates	1,760,000	2,319,680	1.318	7.10	6.14	0.86			
Residential High Efficiency Water Heating	\$ 81,708	150 Rebates	227,100	292,202	1.287	3.20	3.17	0.99			
Energy Star Windows	\$ 63,008	300 Rebates	168,225	128,412	0.763	2.81	3.08	1.10			
Energy Star Residential Controls	\$ 35,231	325 Rebates	254,625	560,535	2.201	6.91	12.81	1.85			
Energy Star Homes	\$ 65,561	55 Participants	0	0	0.00						
Energy Analysis Internet Audit Guide	\$ 43,136	600 New Users	0.000	0.00	0.00						
Building Practices and Demo	\$ 46,291	12 Projects	0.000	0.00	0.00						
Residential Conservation Services	\$ 86,459	200 Participants	0.000	0.00	0.00						
<b>Total</b>	<b>\$ 1,224,692</b>	<b>2,347</b>	<b>3,824,030</b>	<b>6,287,065</b>	<b>1.644</b>	<b>3.70</b>	<b>5.31</b>	<b>1.4302</b>	<b>\$ 60,256</b>	<b>\$ 65,883</b>	<b>\$ 146,238</b>
<b>C&amp;I and Multifamily</b>											
Commercial Energy Efficiency Program	\$ 542,617	150 Participants	1,647,585	746,905	0.453	2.91	1.75	0.60			
Multifamily Housing	\$ 195,773	80 Participants	458,298	122,213	0.267	2.43	1.13	0.47			
Commercial High Efficiency Heating	\$ 121,803	50 Rebates	996,000	4,362,480	4.380	6.44	16.36	2.54			
Economic Redevelopment	\$ 330,182	3 Projects	591,396	2,562,717	4.333	2.56	29.21	11.39			
Commercial Building Practices & Technology Demonstration	\$ 215,301	6 Projects	2,366,277	789,426	0.333	15.7	134.75	8.58			
C&I Energy Analysis Internet Audit	\$ 21,122	50 New Users	0	0	0.00	0.00					
<b>Total - C&amp;I and Multifamily</b>	<b>\$ 1,426,799</b>	<b>319</b>	<b>6,061,556</b>	<b>8,583,741</b>	<b>1.416</b>	<b>4.52</b>	<b>7.30</b>	<b>1.61</b>	<b>\$ 60,819</b>	<b>\$ 73,226</b>	<b>\$ 154,045</b>
<b>Total of Column</b>	<b>\$2,651,791</b>								<b>TOTAL Incentive</b>		<b>\$ 300,283</b>

Notes:  
This shareholder incentive calculation is based on the methodology described in NH PUC Order 24.109 of December 31, 2002.

Threshold: KeySpan must achieve a minimum "threshold" performance before being eligible to earn an incentive

For the cost-effectiveness component, KeySpan must achieve an actual year-end TRC of 1.0 before any incentive can be earned

Once the threshold is achieved, the earned incentive will be on a sliding scale from 0% to 12%

Assumptions:

Design Target Incentive = 8%

Incentive Calculation Formula:  $Incentive_{RES} = Expenditures_{RES} \times \{ [4\% \times (TRC_{ACTUAL} / TRC_{PROJECTED})] + [4\% \times Lifetime Therm Savings_{ACTUAL} / Lifetime Therm Savings_{PROJECTED}] \}$

Plus

$Incentive_{C&I} = Expenditures_{C&I} \times \{ [4\% \times (TRC_{ACTUAL} / TRC_{PROJECTED})] + [4\% \times Lifetime Therm Savings_{ACTUAL} / Lifetime Therm Savings_{PROJECTED}] \}$

<sup>1</sup>Per a September 9, 2005 E-mail from Jim Cunningham of the NH PUC to Subid Wagley of KED, the source of the projected lifetime therm savings for each KED New Hampshire natural gas energy efficiency program and the source of the projected benefit/cost ratios by program is KeySpan's response to NH PUC Staff Data Request 2-31, Pages 3 to 6, Docket DG 04-152, filed by attorney Steven V. Camerino on November 22, 2004).

<sup>2</sup>From the updated Exhibit G showing actual Program Year 1 results.

<sup>3,4,5</sup> Per a September 20, 2005 E-mail from Jim Cunningham of the NH PUC to Subid Wagley of KED, the source of the Lifetime savings and Cost Effectiveness incentive calculations are derived from the updated and streamlined version of the template used by the PUC called "Computation of Actual Performance Incentive-Program Year Two" of DG 02-106 and DG 05-141.

In the Commission approved Settlement Agreement that is part of Order 24.109, the Settling Parties and Span agree to adopt the simplified Span template of November 2002 ("Span Template") attached to the Settlement Agreement as Exhibit G. This template shall be used only for purposes of establishing a benchmark for the Gas Utilities' incentive sharing mechanism described in Section II(H) of the Settlement Agreement. The Span Template allows for an evaluation of the Programs on a year-by-year basis.

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