

June 13, 2012

**VIA ELECTRONIC AND FIRST CLASS MAIL**

R. Daniel Prentiss, Esq.  
Energy Efficiency Resources Management Council  
One Turks Head Place, Suite 380  
Providence, RI 02903

**RE: Docket 4295 – The Narragansett Electric Company, d/b/a National Grid 2012  
Energy Efficiency Program Plan  
Transfer of Funds Request**

Dear Mr. Prentiss:

On behalf of National Grid<sup>1</sup> and pursuant to Section IV.C.2 of the Energy Efficiency Program Plan For 2012 Settlement of the Parties (“2012 Plan”) approved in Docket 4295, the Company is requesting the Energy Efficiency and Resources Management Council’s (“EERMC”) approval of a transfer of gas funds between the Low Income Residential sector and the Commercial and Industrial (“C&I”) sector. The Company requests that the EERMC vote on the approval at its meeting on June 14, 2012. The swift approval of a transfer will enable the Company to quickly commence retrofit projects for six Low Income Multifamily facilities.

Section IV.C.2 of the 2012 Plan states that “The Company can transfer funds from one sector to another sector with prior approval of the Division and the EERMC.”

The Company is requesting to transfer \$300,000 from the gas Single Family Low Income Services program in the Low Income Residential sector to the gas Large Commercial Retrofit program in the C&I sector. The proposed transfers represent 16.3% of the Low Income Residential sector budget, as shown in table G-2 of the 2012 Plan. Consequently, the Company is seeking EERMC approval to make this funding transfer.

The Company requests to transfer these funds to serve low income families by retrofitting and weatherizing six multifamily facilities. National Grid’s Low Income Single Family program is administered by the Office of Energy Resources (“OER”) and delivered through a network of community action agencies. The Providence Community Action (“ProCAP”) is the agency that serves the Providence area, which has the highest concentration of low income natural gas customers in the state. ProCAP has faced challenges auditing and weatherizing homes in recent months. Through collaboration with OER and ProCap, National Grid believes that the agency may not be able to serve its maximum potential of customers this year.

At the May 10, 2012 EERMC meeting, OER and National Grid discussed some of the challenges facing ProCAP. The EERMC prioritized serving low income customers, regardless

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (referred to herein as “National Grid” or the “Company”).

of whether they live in a single or multifamily home. Therefore, National Grid has identified and screened gas weatherization projects at six master-metered multifamily facilities; because they are master-metered, they are served by the C&I Large Commercial Retrofit program. The weatherization projects will serve approximately 1,100 households and can be completed by the end of the year. However, the C&I Large Commercial Retrofit program does not have sufficient funds to serve all six of the facilities; therefore, the Company is requesting a transfer of funds in order to weatherize all of the facilities.

Section IV.C.3 of the 2012 Plan states that “The Company will not be permitted to adjust its goals or incentive target calculations for any transfers between sector budgets.” Therefore, the savings goals for all gas sectors remain the same. The following table outlines the incentives budget and program goals as filed in the 2012 Plan and as proposed in this transfer request:

	2012 EE Plan			Proposed Transfer Revision			
	Annual Gas Savings (MMBtu)	Incentive Budget	Total Program Budget	Annual Gas Savings (MMBtu)	Incentive Budget	Total Program Budget	Budget Percent Change
Low Income Residential Sector	7,697	\$ 1,710,000	\$ 1,843,500	7,697	\$ 1,410,000	\$ 1,543,500	-16.3%
Commercial and Industrial Sector	120,312	\$ 3,573,900	\$ 5,502,200	120,312	\$ 3,873,900	\$ 5,802,200	5.5%

While the sector budget and savings targets remain unchanged, and the proposed transfer has no impact on the savings goals or performance incentive target calculations, the Company has attached revised 2012 Electric Energy Efficiency Program Tables to illustrate how the transfer affects program budgets, goals, and participation within the C&I sector. These updated tables will be used to guide implementation efforts if the proposed request is approved. Cells that change as a consequence of the proposed transfer are highlighted in yellow.

Thank you for your attention in this request. The Company is simultaneously requesting the Division’s approval of this request as required by Section IV.C.2 of the 2012 Plan. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Jon Hagopian, Esq.  
Steve Scialabba, Division  
Dave Stearns, Division  
Charlie Hawkins, OER

**Table G-1  
National Grid  
Gas DSM Funding Sources in 2012 by Sector  
\$(000)**

	<u>Projections by Sector</u>			
	Low Income Residential	Non-Low Income Residential	Commercial & Industrial	Total
(1) <b>Projected Budget (from G-2):</b>	<b>\$1,543.5</b>	<b>\$6,339.5</b>	<b>\$5,802.2</b>	<b>\$13,685.2</b>
<b>Sources of Other Funding:</b>				
(2) Actual Year-End 2011 Fund Balance and Interest:	\$ 22.3	\$ 155.9	\$ 267.3	\$ 445.5
(3) Low Income Weatherization in Base Rates:	<u>\$ 200.0</u>			<u>\$ 200.0</u>
(4) <b>Total Other Funding:</b>	<b>\$ 222.3</b>	<b>\$ 155.9</b>	<b>\$ 267.3</b>	<b>\$ 645.5</b>
(5) <b>Customer Funding Required:</b>				<b>\$ 13,039.7</b>
<b>(6) Forecasted Dth Sales:</b>				
(7) Forecasted Dth Sales:	1,681,012	16,365,729	16,770,190	34,816,931
(8) Uncollectible Rate of 2.46%:	<u>41,353</u>	<u>402,597</u>	<u>412,547</u>	<u>856,497</u>
(9) <b>Forecasted Dth Sales:</b>	<b>1,639,659</b>	<b>15,963,132</b>	<b>16,357,644</b>	<b>33,960,435</b>
(10) <b>Energy Efficiency Program Charge per Dth:</b>				<b>\$ 0.384</b>
(11) Currently Effective EE Program Charge				\$ 0.411
(12) Adjustment to Reflect Fully Reconciling Funding Mechanism				\$ (0.027)

**Table G-2**  
**National Grid Gas Energy Efficiency Program Budget**  
**2012**

Program	Program Planning and Administration	Marketing	Rebates and Other Customer Incentives	Sales, Technical Assistance and Training	Evaluation & Market Research	Shareholder Incentive	Grand Total
<b>NON LOW-INCOME RESIDENTIAL:</b>							
ENERGY STAR® HVAC	\$21.9	\$153.0	\$2,629.8	\$171.3	\$0.0		\$2,975.9
EnergyWise	\$21.9	\$50.0	\$2,398.8	\$230.5	\$42.6		\$2,743.8
Residential Products Pilot	\$21.9	\$0.0	\$80.0	\$32.1	\$0.0		\$134.1
Comprehensive Marketing - Residential	\$0.0	\$130.0	\$0.0	\$0.0	\$0.0		\$130.0
EERMC - Residential	\$92.5	\$0.0	\$0.0	\$0.0	\$0.0		\$92.5
<b>Subtotal - Non-Low Income Residential</b>	<b>\$158.2</b>	<b>\$333.0</b>	<b>\$5,108.5</b>	<b>\$433.9</b>	<b>\$42.6</b>	<b>\$263.3</b>	<b>\$6,339.5</b>
<b>LOW-INCOME RESIDENTIAL:</b>							
Single Family Low Income Services	\$21.9	\$0.0	\$1,410.0	\$33.9	\$0.0		\$1,465.8
<b>Subtotal - Low Income Residential</b>	<b>\$21.9</b>	<b>\$0.0</b>	<b>\$1,410.0</b>	<b>\$33.9</b>	<b>\$0.0</b>	<b>\$77.7</b>	<b>\$1,543.5</b>
<b>COMMERCIAL AND INDUSTRIAL:</b>							
Large Commercial New Construction	\$85.9	\$103.0	\$1,583.7	\$236.0	\$126.4		\$2,135.0
Large Commercial Retrofit	\$156.6	\$134.1	\$2,251.1	\$458.8	\$146.4		\$3,146.9
Small Business Direct Install	\$9.2	\$18.9	\$39.1	\$43.4	\$0.0		\$110.6
EERMC - C&I	\$59.3	\$0.0	\$0.0	\$0.0	\$0.0		\$59.3
Comprehensive Marketing - C&I	\$0.0	\$121.0	\$0.0	\$0.0	\$0.0		\$121.0
<b>Subtotal - Commercial &amp; Industrial</b>	<b>\$310.9</b>	<b>\$377.0</b>	<b>\$3,873.9</b>	<b>\$738.2</b>	<b>\$272.8</b>	<b>\$229.4</b>	<b>\$5,802.2</b>
<b>Grand Total</b>	<b>\$491.0</b>	<b>\$710.0</b>	<b>\$10,392.4</b>	<b>\$1,206.0</b>	<b>\$315.4</b>	<b>\$570.4</b>	<b>\$13,685.2</b>

**Notes:**

(1) The fund transfer of \$300k in incentives from Single Family Low Income Service to Large Commercial Retrofit is highlighted in yellow for Division and EERMC approval.

**Table G-3**  
**Derivation of the 2012 Spending & Implementation Budgets**

	Proposed 2012 Budget From G-2 (\$000)	EERMC Costs (\$000)	Shareholder Incentive (\$000)	Evaluation Costs (\$000)	Eligible Sector Spending Budget for Shareholder Incentive on G-9 (\$000) <sup>1</sup>	Implementation Expenses for Cost-Effectiveness on G-5 (\$000) <sup>2</sup>
<b>NON LOW-INCOME RESIDENTIAL:</b>						
ENERGY STAR® HVAC	\$ 2,975.9			\$ -		\$ 2,975.9
EnergyWise	\$ 2,743.8			\$ 42.6		\$ 2,701.1
Residential Products Pilot	\$ 134.1			\$ -		\$ 134.1
Comprehensive Marketing - Residential	\$ 130.0			\$ -		\$ 130.0
EERMC - Residential	\$ 92.5	\$ 92.5		\$ -		\$ 92.5
Shareholder Incentive	\$ 263.3		\$ 263.3			\$ -
<b>Subtotal - Non-Low Income Residential</b>	<b>\$ 6,339.5</b>	<b>\$ 92.5</b>	<b>\$ 263.3</b>	<b>\$ 42.6</b>	<b>\$ 5,983.8</b>	<b>\$ 6,033.6</b>
<b>LOW-INCOME RESIDENTIAL:</b>						
Single Family Low Income Services	\$ 1,465.8			\$ -		\$ 1,465.8
Shareholder Incentive	\$ 77.7		\$ 77.7			\$ -
<b>Subtotal - Low Income Residential</b>	<b>\$ 1,543.5</b>	<b>\$ -</b>	<b>\$ 77.7</b>	<b>\$ -</b>	<b>\$ 1,465.8</b>	<b>\$ 1,465.8</b>
<b>COMMERCIAL AND INDUSTRIAL:</b>						
Large Commercial New Construction	\$ 2,135.0			\$ 126.4		\$ 2,008.6
Large Commercial Retrofit	\$ 3,146.9			\$ 146.4		\$ 3,000.5
Small Business Direct Install	\$ 110.6			\$ -		\$ 110.6
EERMC - C&I	\$ 59.3	\$ 59.3		\$ -		\$ 59.3
Comprehensive Marketing - C&I	\$ 121.0			\$ -		\$ 121.0
Shareholder Incentive	\$ 229.4		\$ 229.4			\$ -
<b>Subtotal - Commercial &amp; Industrial</b>	<b>\$ 5,802.2</b>	<b>\$ 59.3</b>	<b>\$ 229.4</b>	<b>\$ 272.8</b>	<b>\$ 5,513.5</b>	<b>\$ 5,300.0</b>
<b>Grand Total</b>	<b>\$ 13,685.2</b>	<b>\$ 151.8</b>	<b>\$ 570.4</b>	<b>\$ 315.4</b>	<b>\$ 12,963.1</b>	<b>\$ 12,799.4</b>

**Notes:**

- (1) Eligible Sector Spending Budget = Budget from G-2 minus EERMC Costs and Shareholder Incentive  
(2) Implementation Expenses = Budget from G-2 minus Evaluation Costs and Shareholder Incentive

**Table G-4**  
**Proposed 2012 Budget Compared to Approved Compliance Filing Budget for 2012 (\$000)**

	<b>Proposed Budget 2012 from G-2</b>	<b>July 2011 Approved Gas Budget</b>	<b>Difference</b>
<b>Non-Low Income Residential</b>			
ENERGY STAR® HVAC	\$ 2,975.9	\$ 1,465.9	\$ 1,510.0
EnergyWise	\$ 2,701.1	\$ 1,174.7	\$ 1,526.4
Residential Products Pilot	\$ 134.1	\$ 49.4	\$ 84.7
EERMC - Residential	\$ 92.5	\$ 82.0	\$ 10.5
Comprehensive Marketing - Residential	\$ 130.0	\$ 80.2	\$ 49.8
<b>Subtotal - Non-Low Income Residential</b>	<b>\$ 6,033.6</b>	<b>\$ 2,852.2</b>	<b>\$ 3,181.5</b>
			\$ -
<b>Low Income Residential</b>			\$ -
Single Family Low Income Services	\$ 1,465.8	\$ 983.9	\$ 481.9
<b>Subtotal - Low Income Residential</b>	<b>\$ 1,465.8</b>	<b>\$ 983.9</b>	<b>\$ 481.9</b>
			\$ -
<b>Commercial &amp; Industrial</b>			\$ -
Large Commercial New Construction	\$ 2,008.6	\$ 1,012.5	\$ 996.1
Large Commercial Retrofit	\$ 3,000.5	\$ 1,142.0	\$ 1,858.5
Small Business Direct Install	\$ 110.6	\$ 106.3	\$ 4.3
EERMC - C&I	\$ 59.3	\$ 50.9	\$ 8.4
Comprehensive Marketing - C&I	\$ 121.0	\$ 23.7	\$ 97.3
<b>Subtotal Commercial &amp; Industrial</b>	<b>\$ 5,300.0</b>	<b>\$ 2,335.4</b>	<b>\$ 2,964.6</b>
			\$ -
<b>Other Expense Items</b>			\$ -
Company Incentive	\$ 570.4	\$ 274.5	\$ 295.9
Evaluation	\$ 315.4	\$ 199.1	\$ 116.3
<b>Subtotal Other Items</b>	<b>\$ 885.8</b>	<b>\$ 473.6</b>	<b>\$ 412.2</b>
<b>TOTAL BUDGET</b>	<b>\$ 13,685.2</b>	<b>\$ 6,645.1</b>	<b>\$ 7,040.2</b>

Table G-5  
Calculation of Program Year Cost-Effectiveness  
2012  
Values in \$000

	Rhode Island Benefit/ Cost	Total Benefit	Program Implementation Expenses	Customer Contribution	Evaluation Cost	Shareholder Incentive	TRC \$/Lifetime MMBTu
<b>Residential Programs</b>							
Energy Star <sup>®</sup> HVAC	2.88	\$ 18,936.9	\$ 2,975.9	\$ 3,589.7	\$ -	NA	\$ 4.82
EnergyWise	1.99	\$ 6,898.8	\$ 2,701.1	\$ 718.4	\$ 42.6	NA	\$ 7.27
Residential Products Pilot		\$ -	\$ 134.1	\$ -	\$ -	NA	
Comprehensive Marketing		\$ -	\$ 130.0	\$ -	\$ -	NA	
EERMC Assessment-Residential		\$ -	\$ 92.5	\$ -	\$ -	NA	
<b>SUBTOTAL</b>	<b>2.43</b>	<b>\$ 25,835.7</b>	<b>\$ 6,033.6</b>	<b>\$ 4,308.1</b>	<b>\$ 42.6</b>	<b>263.29</b>	<b>\$ 5.65</b>
<b>Low Income Programs</b>							
Single Family Low Income Services	<b>1.93</b>	<b>\$ 2,975.9</b>	<b>\$ 1,465.8</b>	<b>\$ -</b>	<b>\$ -</b>	<b>77.70</b>	<b>\$ 9.52</b>
<b>Large Commercial &amp; Industrial</b>							
Large Commercial Retrofit	<b>1.79</b>	<b>\$ 8,917.1</b>	<b>\$ 3,000.5</b>	<b>\$ 1,828.1</b>	<b>\$ 146.4</b>	<b>NA</b>	<b>\$ 5.24</b>
Large Commercial New Construction	1.56	\$ 5,803.6	\$ 2,008.6	\$ 1,579.2	\$ 126.4	NA	\$ 5.51
Small Business Direct Install	2.98	\$ 348.3	\$ 110.6	\$ 6.2	\$ -	NA	
Comprehensive Marketing		\$ -	\$ 121.0	\$ -	\$ -	NA	
EERMC Assessment-C&I		\$ -	\$ 59.3	\$ -	\$ -	NA	
<b>SUBTOTAL</b>	<b>1.64</b>	<b>\$ 15,069.0</b>	<b>\$ 5,300.0</b>	<b>\$ 3,413.4</b>	<b>\$ 272.8</b>	<b>229.39</b>	<b>\$ 4.89</b>
<b>TOTAL</b>	<b>2.05</b>	<b>\$ 43,880.6</b>	<b>\$ 12,799.4</b>	<b>\$ 7,721.5</b>	<b>\$ 315.4</b>	<b>570.38</b>	<b>\$ 5.72</b>

Notes:

(1) For the fund transfer between Single Family Low Income Services and Large Commercial Retrofit, the planned Total Benefits do not change because Annual MMBTu Savings Goals do not change, per Section IV.C.3 of the 2012 Plan.

**Table G-6**  
**Summary of Benefits and Savings by Program**  
**2012**

	Benefits (\$000)			MMBTU Gas Saved	
	Total(1)	Natural Gas(2)	Non-Gas Benefit (3)	Annual	Lifetime(4)
<b>Commercial &amp; Industrial</b>					
Large Commercial New Construction	\$5,803.6	\$5,800.3	\$3.3	39,485	673,830
Large Commercial Retrofit	\$8,917.1	\$8,149.4	\$767.7	75,814	948,796
Small Business Direct Install	\$348.3	\$348.3	\$0.0	5,013	28,701
EERMC - C&I	NA	NA	\$0.0	NA	NA
<b>SUBTOTAL</b>	<b>\$15,069.0</b>	<b>\$14,298.0</b>	<b>\$771.0</b>	<b>120,312</b>	<b>1,651,327</b>
<b>Low Income Residential</b>					
Single Family Low Income Services	\$2,975.9	\$1,361.9	\$1,614.1	7,697	153,932
<b>SUBTOTAL</b>	<b>\$2,975.9</b>	<b>\$1,361.9</b>	<b>\$1,614.1</b>	<b>7,697</b>	<b>153,932</b>
<b>Non Low Income Residential</b>					
EnergyWise	\$6,898.8	\$4,216.1	\$2,682.7	23,827	476,546
Energy Star® HVAC	\$18,936.9	\$11,828.5	\$7,108.4	79,712	1,361,531
Residential Products Pilot	\$0.0	\$0.0	\$0.0	-	-
EERMC - Residential	NA	NA	\$0.0	NA	NA
<b>SUBTOTAL</b>	<b>\$25,835.7</b>	<b>\$16,044.6</b>	<b>\$9,791.1</b>	<b>103,540</b>	<b>1,838,077</b>
<b>TOTAL</b>	<b>\$43,880.6</b>	<b>\$31,704.5</b>	<b>\$12,176.2</b>	<b>231,548</b>	<b>3,643,336</b>

Table G-7  
Comparison of Goals  
2012

Program	Proposed 2012		Approved July 2011		Difference	
	Annual Energy Savings (MMBTU Natural Gas)	Participants	Annual Energy Savings (MMBTU Natural Gas)	Participants	Annual Energy Savings (MMBTU Natural Gas)	Participants
<b>Commercial &amp; Industrial</b>						
Large Commercial New Construction	39,485	624	18,031	176	21,454	448
Large Commercial Retrofit	75,814	2,369	35,445	558	40,369	1,811
Small Business Direct Install	5,013	103	2,302	48	2,711	55
EERMC - C&I						
<b>SUBTOTAL</b>	<b>120,312</b>	<b>3,096</b>	<b>55,779</b>	<b>782</b>	<b>64,533</b>	<b>2,314</b>
<b>Low Income Residential</b>						
Single Family Low Income Services	7,697	355	3,848	215	3,848	140
<b>SUBTOTAL</b>	<b>7,697</b>	<b>355</b>	<b>3,848</b>	<b>215</b>	<b>3,848</b>	<b>140</b>
<b>Non-Low Income Residential</b>						
Energy Wise	23,827	2,000	9,334	1,126	14,493	874
Energy Star® HVAC	79,712	12,211	33,243	4,100	46,470	8,111
Residential Products Pilot		300		NA	300	NA
EERMC - Residential						
<b>SUBTOTAL</b>	<b>103,540</b>	<b>14,511</b>	<b>42,577</b>	<b>5,226</b>	<b>60,963</b>	<b>9,285</b>
<b>TOTAL</b>	<b>231,548</b>	<b>17,962</b>	<b>102,203</b>	<b>6,223</b>	<b>129,344</b>	<b>11,739</b>

**Table G-8**  
**Avoided Costs**  
**2012**

Used in Benefit-Cost Model

Year	RESIDENTIAL				COMMERCIAL & INDUSTRIAL			ALL
	Non Heating	Hot Water annual	Heating	All	Non Heating annual	Heating	All	RETAIL END USES
2011	5.97	5.97	7.74	7.46	5.91	7.17	6.79	7.10
2012	6.49	6.49	8.21	7.94	6.43	7.64	7.27	7.58
2013	6.70	6.70	8.42	8.15	6.64	7.86	7.49	7.80
2014	6.98	6.98	8.81	8.51	6.92	8.24	7.84	8.15
2015	7.56	7.56	9.28	9.01	7.50	8.71	8.34	8.65
2016	7.59	7.59	9.30	9.04	7.53	8.74	8.37	8.68
2017	7.57	7.57	9.29	9.02	7.51	8.72	8.35	8.66
2018	7.59	7.59	9.32	9.05	7.53	8.75	8.38	8.69
2019	7.64	7.64	9.37	9.10	7.58	8.80	8.43	8.74
2020	7.73	7.73	9.47	9.20	7.67	8.90	8.53	8.84
2021	7.83	7.83	9.58	9.30	7.77	9.01	8.63	8.94
2022	7.96	7.96	9.75	9.46	7.90	9.18	8.80	9.10
2023	8.25	8.25	10.03	9.74	8.19	9.46	9.07	9.38
2024	8.44	8.44	10.20	9.92	8.38	9.63	9.25	9.56
2025	8.51	8.51	10.29	10.00	8.45	9.72	9.33	9.64
2026	8.64	8.64	10.42	10.14	8.58	9.85	9.47	9.78
2027	8.77	8.77	10.56	10.27	8.71	9.99	9.60	9.91
2028	8.90	8.90	10.69	10.40	8.84	10.13	9.74	10.04
2029	9.03	9.03	10.83	10.54	8.97	10.26	9.87	10.18
2030	9.16	9.16	10.97	10.67	9.10	10.40	10.01	10.32
2031	9.30	9.30	11.11	10.81	9.24	10.55	10.15	10.46
2032	9.43	9.43	11.25	10.95	9.37	10.69	10.29	10.60
2033	9.57	9.57	11.40	11.10	9.51	10.84	10.44	10.74
2034	9.71	9.71	11.55	11.24	9.66	10.99	10.58	10.89
2035	9.86	9.86	11.69	11.39	9.80	11.14	10.73	11.03
2036	10.00	10.00	11.85	11.54	9.95	11.29	10.88	11.18
2037	10.15	10.15	12.00	11.69	10.09	11.44	11.03	11.34
2038	10.30	10.30	12.15	11.84	10.24	11.60	11.19	11.49
2039	10.45	10.45	12.31	11.99	10.40	11.76	11.35	11.64
2040	10.61	10.61	12.47	12.15	10.55	11.92	11.50	11.80
2041	10.77	10.77	12.63	12.31	10.71	12.08	11.67	11.96

**Table G-9**  
**Target Shareholder Incentive**  
**2012**

Incentive Rate: 4.40%

	(1)	(2)	(3)	(4)	(5)
Sector	Eligible Spending Budget \$(000)	Target Incentive \$(000)	Annual Savings Goal (MMBTU)	Threshold Savings (MMBTU)	Target Incentive Per Annual MMBTU
Low Income Residential	\$1,466	\$77.7	7,697	4,618	\$10.095
Non-Low Income Residential	\$5,984	\$263.3	103,540	62,124	\$2.543
Commercial & Industrial	\$5,514	\$229.4	120,312	72,187	\$1.907
Total	\$ 12,963	\$570.4	231,548	138,929	\$2.463

**Notes:**

(1) Sector budget excluding the EERMC Assessment and Shareholder Incentives. See Table G-3.

(2) Equal to the incentive rate (4.40%) x Column (1).

(3) See Table G-7

(4) 60% of Column (3). No incentive is earned on annual MMBTU savings in the sector unless the Company achieves at least this threshold level of performance.

(5) Column (2)\*1000/Column (3)