

The Narragansett Electric Company d/b/a National Grid
Southern Union Company
Docket D-06-13
Responses to Division Data Requests – Set 6
Issued on May 8, 2006

Division Data Request 6-3

Request:

Referring to the response to Division Data Request 3-7, please provide the expenditures incurred by NEG to date in association with the payment of Retention Bonuses. The response should include the amounts paid and when the expenses were incurred.

Response:

The retention agreements are designed to ensure continued service by the named employees until the closing of the pending divestiture. Under the form of retention agreement filed as part of the Company's response to Division Data Request 3-7, a retention bonus is payable only upon the closing of the divestiture on or before the expiration date set forth in the agreement (February 1, 2007). A payment obligation may also be triggered by an employee's termination without cause (as defined in the agreement) or by the prior death or disability of the employee. In accordance with the terms of the agreements, no bonus amounts have yet become due and payable.

Prepared by or under the supervision of: Richard N. Marshall

The Narragansett Electric Company d/b/a National Grid
Southern Union Company
Docket D-06-13
Responses to Division Data Requests – Set 6
Issued on May 8, 2006

Division Data Request 6-4

Request:

Please provide the expected Retention Bonuses to be paid from the present time until the Expiration Date.

Response:

Subject to the terms and conditions of the retention agreements (described in the Company's response to Division Data Request 6-3), and by reference to the form of retention agreement filed in response to Division Data Request 3-7, the aggregate amount of retention bonuses expected to be paid under the agreements, assuming satisfaction of all applicable conditions, is approximately \$293,100.

Prepared by or under the supervision of: Richard N. Marshall

The Narragansett Electric Company d/b/a National Grid
Southern Union Company
Docket D-06-13
Responses to Division Data Requests – Set 6
Issued on May 8, 2006

Division Data Request 6-5

Request:

Please describe the accounting for Retention Bonuses paid. The response should describe the accounts to which the expenditures are charged and whether any separate records are maintained for such expenditures.

Response:

The retention agreements are obligations of Southern Union Company and no payments in respect of any retention bonus amounts will be reflected on the books and records of the Rhode Island operations of the Company's New England Gas Company division.

Prepared by or under the supervision of: Richard N. Marshall

Division Data Request 6-6

Request:

Referring to the response to Division Data Request 3-7, please provide a complete description of the “Company’s Severance Plan” referenced in Section I.B.2 of the Retention Agreement. The response should include the eligible employees, the terms of the Severance Plan, the costs incurred to date, the expected costs of the Plan at its completion, and the accounting for the Plan.

Response:

The severance plan applicable to employees of Southern Union Company, including the Rhode Island operations of its New England Gas Company division, is provided herewith as Attachment DIV-6-6. Please note that the plan was amended in early 2006 to clarify that employees receiving an offer of employment from a purchaser are not entitled to severance from the Company.

Therefore, because the Employee Agreement entered into in conjunction with the Purchase and Sale Agreement provides that all active employees will receive offers of employment from the purchaser effective as of the closing date, the Company does not expect that severance will be payable by it to employees in connection with the transaction.

Prepared by or under the supervision of: Richard N. Marshall

AMENDMENT
TO
SOUTHERN UNION COMPANY SEVERANCE PAY PLAN

WHEREAS, on March 15, 2005, Southern Union Company ("Southern Union") adopted the Southern Union Company Severance Pay Plan (the "Plan") for the purpose of providing benefits, under the terms and conditions set forth in the Plan, to individuals whose employment is permanently and involuntarily terminated;

WHEREAS, pursuant to Section 7.1 of the Plan, Southern Union reserves the right to amend the Plan at any time;

WHEREAS, an individual is not eligible for severance benefits under the Plan, *inter alia*, if he or she "receives any offer of employment from the Company or any of its divisions, parents, subsidiaries or affiliates," inasmuch as such individual has the opportunity to continue employment and continue to be compensated for his or her work;

WHEREAS, an individual is not eligible for severance benefits under the Plan, *inter alia*, if he or she "is involuntarily terminated from employment under circumstances for which the Administrative Committee makes a written determination that a severance benefit will not be paid";

WHEREAS, consistent with the purpose for which the Plan was established and determinations that would be made under the Plan in cases in which individuals have the opportunity to continue employment and continue to be compensated for their work, Southern Union wishes to amend the Plan to expressly exclude from eligibility for severance benefits under the Plan any individual whose employment is terminated in connection with the sale, disposition, merger or consolidation of all or part of a business of the Company (as defined in the Plan) or any of its divisions, parents, subsidiaries or affiliates where the acquiring, purchasing or surviving entity, or any affiliate of the foregoing, makes any offer of employment to such individual in connection with such transaction; and

WHEREAS, for convenience and ease of administration, the Company desires to pay severance benefits under the Plan in single sum payments, rather than on a biweekly basis;

THEREFORE, effective as of January 1, 2006, the Plan is amended as set forth below.

1. Section 2.2 of the Plan, entitled Eligibility, is amended to add the following phrase at the end of Section 2.2, such phrase to be the eighth item under Section 2.2 and to read as follows:

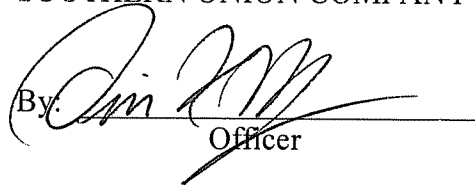
- The Participant's employment is terminated by the Company in connection with the sale, disposition, merger or consolidation of all or part of a business of the Company or any of its divisions, parents, subsidiaries or affiliates where the acquiring,

purchasing or surviving entity, or any affiliate of the foregoing makes any offer of employment to the Participant (whether or not the Participant accepts such offer of employment), all as determined by the Administrative Committee.

2. Section 3.2 of the Plan, entitled Payment of Severance Benefit, is amended in its entirety, to read as follows:

3.2 Payment of Severance Benefit. Payment of a severance benefit calculated under Section 3.1 shall be made in a single sum payment as soon as administratively feasible following the Effective Date of the Separation Agreement (as defined therein), as provided for in Section 2.3, and in no event later than two weeks following such Effective Date.

SOUTHERN UNION COMPANY

By: 
 Officer

Plan Document and Summary Plan Description for the SOUTHERN UNION COMPANY SEVERANCE PAY PLAN

I. INTRODUCTION

1.1 General. This Southern Union Company Severance Pay Plan, as it may be amended (this “Plan”), and this Summary Plan Description, as it may be amended (this “SPD”), define the benefits provided to eligible employees of Southern Union Company (“Southern Union”), its divisions within Southern Union and its subsidiaries that are directly or indirectly owned 100 percent by Southern Union (referred to collectively in this Plan and SPD as the “Company”), whose employment is permanently and involuntarily terminated by the Company pursuant to this Plan.

1.2 Effective Date and Termination Date. Except as expressly provided otherwise herein, the provisions of the Plan shall be effective as of March 15, 2005 and they shall apply to any Participant (as hereinafter defined) who on or after that date becomes entitled to severance benefits pursuant to the terms and conditions of the Plan.

1.3 Welfare Benefit Plan. This Plan is governed by the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan shall be construed as a welfare benefit plan for purposes of Section 3(1) of ERISA.

II. PARTICIPATION AND ELIGIBILITY

2.1 Participation. “Participant” means an employee of the Company who meets *all* of the following additional requirements:

- The employee is either a regular full time employee who is actively employed by the Company or on an approved leave of absence from the Company on his termination of employment. Part time, less than full time and temporary employees are not eligible to participate in the Plan, or to receive benefits under the Plan.

- The employee has been a regular full time employee of the Company for a period of at least three months.

- The employee’s terms and conditions of employment are not subject to collective bargaining with a labor organization, except to the extent a currently effective collective bargaining agreement between the Company and the labor organization’s collective bargaining representative provides for participation in the Plan.

- The employee is not, on his termination of employment, covered under the Panhandle Transitional Severance Pay Plan, the Executive Separation Allowance Plan for Designated Officers of Panhandle Eastern Pipe Line Company or the Executive Separation Allowance Plan for Designated Senior Officers of Panhandle Eastern Pipe Line Company.

- The employee is not eligible to receive severance benefits under any other severance plan, program or policy of the Company or any of its divisions, parents, subsidiaries or affiliates, including, but not limited to, CrossCountry Energy Services, LLC, Transwestern Pipeline Company, LLC or Florida Gas Transmission Company.

- The employee is not party to a written employment or severance agreement with the Company or any of its divisions, parents, subsidiaries or affiliates that provides for a form of severance compensation or remuneration upon termination of employment, except to the extent such agreement provides for participation in the Plan.

2.2 Eligibility. A Participant whose employment is permanently and involuntarily terminated by the Company, and who satisfies the conditions set forth in Section 2.3, is eligible for severance benefits under the Plan; *provided, however*, that notwithstanding anything else to the contrary contained in the Plan, such Participant shall *not* be eligible for or receive any severance benefits under the Plan if *any* one or more of the following applies:

- The Participant retires from the Company, terminates his own employment with the Company, or directly, indirectly or impliedly consents to termination of his employment with the Company.

- The Participant is laid off for a period of short duration and subject to recall within a reasonable time, as determined by the Company.

- The Participant receives any offer of employment from the Company or any of its divisions, parents, subsidiaries or affiliates, including, but not limited to, CrossCountry Energy Services, LLC, Transwestern Pipeline Company, LLC or Florida Gas Transmission Company.

- The Participant receives, or is entitled to receive, extra or additional consideration outside this Plan in connection with his termination of employment with the Company, or retirement from the Company (including, but not limited to, enhanced retirement benefits or incentive remuneration under an early retirement program or otherwise).

- The Participant receives disability benefits and does not, or is not able to, return to active employment within six months after such benefits cease.

- The Participant is terminated by the Company for cause or misconduct (as such terms are construed by the Company in its sole discretion).

- The Participant is involuntarily terminated from employment under circumstances for which the Administrative Committee makes a written determination that a severance benefit will not be paid.

2.3 Separation Agreement and General Release; Condition to Receipt of Severance Benefit. Notwithstanding anything in the Plan to the contrary, a Participant shall *not* be entitled to severance benefits under the Plan *unless* the Participant has timely executed and delivered to

the Company, a Separation Agreement and General Release in a form prepared by and acceptable to the Company (a “Separation Agreement”) that shall contain a general waiver and release of any and all rights and claims relating to the Participant’s employment by the Company, and the termination of that employment including, but not limited to, claims of discrimination under the Age Discrimination in Employment Act (the “Release”), and that shall contain such other provisions as approved and required by the Company, in its sole discretion, within the time period and in the manner specified in the Separation Agreement; and *provided, further*, that the Participant has not revoked his consent to the Release within the time period and in the manner specified in the Separation Agreement. Any Participant who has revoked his consent to the Release contained in the Separation Agreement shall not be entitled to receive severance benefits under this Plan.

III. SEVERANCE BENEFITS

3.1 Amount of Payment. Subject to the coordination and adjustment provisions of Article V, Participants who are eligible to receive severance benefits under Section 2.2 and who satisfy the conditions of Section 2.3 shall be entitled to receive severance benefits as follows:

The Participant shall be entitled to receive severance pay in an amount that is equal to two weeks of base pay for each full or partial year of service with the Company, up to a maximum severance benefit in an amount that is equal to 52 weeks of base pay, and with a minimum severance benefit that is equal to six weeks of base pay.

3.2 Payment of Severance Benefit. Except as provided in the following sentence, payment of a severance benefit calculated under Section 3.1 shall be made on a biweekly basis (*i.e.*, every two weeks) according to established payroll practices and procedures adopted by the Company, commencing as soon as administratively feasible following the Effective Date of the Separation Agreement (as defined therein), as provided for in Section 2.3. As contemplated by Internal Revenue Code (“Code”) Section 409A(a)(2)(B)(i) and until such time as regulatory guidance to the contrary may be issued, in the case of a Participant who is a “key employee” (as defined in Code Section 416(i) without regard to paragraph (5) thereof), payment of a severance benefit calculated under Section 3.1 shall be made on a biweekly basis according to established payroll practices and procedures adopted by the Company, commencing as soon as administratively feasible following the occurrence of *both* the Effective Date of the Separation Agreement (as defined therein), as provided for in Section 2.3, and the date that is six months after the date of the Participant’s separation from service. The number of biweekly payments to be made shall be determined by dividing by two the total number of weeks of pay calculated under the Section 3.1 severance benefit formula (and if the quotient obtained by this division is not a whole number, by rounding the quotient up to the next whole number). The total dollar amount of the severance benefit then shall be divided by the number of biweekly payments to determine the dollar amount of each biweekly payment.

3.3 Withholding. The Company shall have the right to take such action as it deems necessary or appropriate to satisfy any requirement under federal, state or other law to

withhold or to make deductions from any severance benefits disbursed under the Plan.

3.4 Payments to Minors and Others. If the Company finds that any Participant to whom a benefit is payable from the Plan is a minor, or is unable to care for his affairs for reasons such as illness or accident, any severance benefits due to such Participant shall be paid in the following order of preference: (1) to the duly appointed guardian, committee or other legal representative for such Participant; (2) to the parent, brother, sister, child or other relative of such Participant, for the use of such Participant; or (3) directly to such Participant. Moreover, in the event that a Participant entitled to receive severance benefits dies before receiving his entire benefit under the Plan, the remaining portion of such benefit shall be paid to the personal representative of the Participant's estate. Any such payments pursuant to this Section 3.4 shall discharge any liability under the Plan therefor.

IV. ENTITLEMENT TO BENEFITS

4.1 Notification of Entitlement to Benefit. Except as provided in Article X, *in no event shall an employee receive benefits under this Plan unless the Administrative Committee notifies him, in writing, that he is entitled to receive a severance benefit under the Plan.*

4.2 Written Claim for Benefit. If an employee does not receive the written notice, described in Section 4.1, that he is entitled to a severance benefit under the Plan, or if he receives such written notice but he disputes the amount of benefit to which he is entitled under Article III, he (or his authorized representative) *must submit a claim for benefits in writing within 90 days of his termination of employment.* A written claim, together with any documentation or materials supporting the claim, must be addressed or hand-delivered to the Administrative Committee at the address set forth in the first paragraph of Article X. Oral inquiries or discussions regarding benefits with an employee's supervisor, with a Human Resources representative or with anyone else, do not constitute a written claim for benefits under the Plan. An employee's claim for benefits, filed in accordance with this paragraph, will be determined according to the procedures and within the time periods described in Article X. Failure to file a claim for benefits in accordance with this paragraph may disqualify an employee from receiving benefits under the Plan.

V. COORDINATION AND ADJUSTMENT OF SEVERANCE BENEFITS

5.1 Reduction for Other Severance Benefits. A Participant who receives, or is entitled to receive, a severance benefit under this Plan shall have the amount of his benefit payable under this Plan reduced and offset by the amount of other benefits, compensation or other remuneration received or to be received by the Participant from the Company or *any* other private, public or statutory source as a result of his termination of employment. Such other benefits, compensation or other remuneration include, without limitation, amounts payable under the provisions of the federal Worker Adjustment and Retraining Notification Act ("WARN").

5.2 Reduction for Certain Payroll Payments. A Participant who receives, or is entitled to receive, a severance benefit under this Plan, who receives a notification of layoff from the Company in compliance with WARN, and who continues on the payroll of the Company for the notification period, shall have the amount of his benefit payable under this Plan reduced and offset, in a manner determined by the Administrative Committee, by the amount of pay received or to be received by the Participant during the notification period.

VI. REEMPLOYMENT OF TERMINATED EMPLOYEE

6.1 Reimbursement of Severance Benefits. If a Participant who receives a severance benefit under this Plan is subsequently reemployed by the Company within one year of the Participant's termination, the Participant must reimburse the Company for all severance benefits that he received under this Plan prior to his reemployment, less the amount of base pay the Participant would have received had he remained employed, at his base pay rate immediately prior to his termination of employment, during the period between the Participant's termination of employment and his reemployment by the Company. Upon reemployment, as a condition of employment, any such Participant shall agree in writing that the Company may make deductions from his compensation until the reimbursement obligation has been satisfied, and any such Participant shall agree to execute such forms or agreements as necessary to effectuate the provisions hereof.

6.2 Calculation of Years of Service on Subsequent Termination. If a Participant, who has received severance benefits under any form of agreement or severance plan upon termination of employment with the Company, is subsequently reemployed by the Company, is terminated for a subsequent time, and is entitled to receive a severance benefit under this Plan, his years of service in computing the amount of such severance benefit under this Plan shall be calculated on the basis of the rehired Participant's most recent tenure of service only and shall not include any year of service for which the Participant received a prior severance benefit, *except that*, if such rehired Participant reimburses the Company for all or a portion of the severance benefits previously paid to such Participant before his subsequent termination, in accordance with Section 6.1, then his years of service in computing the amount of such severance benefit under this Plan shall be calculated on the basis of the rehired Participant's years of service, including those years of service attributable to the amount of such repaid severance benefit, as determined in the sole discretion of the Administrative Committee.

VII. AMENDMENT AND TERMINATION; VESTING

7.1 Amendment and Termination. The Company reserves the right to, and may, at all times and without prior notice, amend, alter or terminate the Plan.

7.2 Vesting. A Participant's entitlement to benefits under the Plan is *not* vested.

VIII. ADMINISTRATION

8.1 Administrative Committee. The Plan shall be administered by the Administrative Committee, which shall be appointed by the Compensation Committee of Southern Union's Board of Directors.

8.2 Administrative Committee Powers and Duties. The Administrative Committee shall supervise the administration and enforcement of this Plan according to the terms and provisions hereof and shall have the sole discretionary authority and all powers necessary to accomplish these purposes, including, but not by way of limitation, the right, power, authority and duty to

(a) make rules, regulations and procedures for the administration of this Plan which are not inconsistent with the terms and provisions hereof, provided such rules, regulations and procedures are evidenced in writing and copies thereof are delivered to the Company, which rules, regulations and procedures are incorporated herein by reference;

(b) construe and interpret all terms, provisions, conditions and limitations of this Plan and operate and administer the Plan in accordance with such construction and interpretation;

(c) correct any defect, supply any omission, construe any ambiguous or uncertain provisions, or reconcile any inconsistency that may appear in this Plan, in such manner and to such extent as it shall deem expedient to carry this Plan into effect;

(d) employ and compensate such accountants, attorneys, investment advisors and other agents and employees as the Administrative Committee may deem necessary or advisable in the proper and efficient administration of this Plan;

(e) delegate to other persons responsibility for performing ministerial duties under this Plan and may rely upon information, data, statistics or analysis furnished by these persons;

(f) determine all questions relating to eligibility;

(g) determine the amount, manner and time of payment of any benefits hereunder and prescribe procedures to be followed by distributees in obtaining benefits;

(h) perform all duties imposed upon the Plan by ERISA and file and distribute, in such manner as the Administrative Committee determines to be appropriate, such information and material as is required by the reporting and disclosure requirements of ERISA;

(i) make a determination as to the right of any person to receive a benefit under this Plan; and

(j) provide written notification to a Participant that he is entitled to receive a severance benefit under this Plan, as described in Section 4.1.

8.3 Standard of Care. The Plan shall be interpreted, administered and operated in the sole discretion of the Administrative Committee. Any decision, determination or other action by the Administrative Committee, including factual determinations, document interpretations and eligibility determinations, shall be final and binding upon the parties, and shall be subject to judicial review only under an abuse of discretion standard.

IX. MISCELLANEOUS

9.1 Auxiliary Documents. Each Participant does, by his acceptance of potential benefits under this Plan, agree to execute any documents that may be necessary or proper to carry out of the purpose and intent of this Plan.

9.2 Malfeasance is Breach of Company Policy. Any Participant who receives a severance benefit under this Plan, who intentionally participates in a mischaracterization of the reason for his termination of employment, whereby the Participant receives a greater severance benefit under this Plan or any other compensatory plan or program of a Company, than the Participant would otherwise be entitled, shall work a malfeasance against the Company and this Plan, and the Company and this Plan may seek any remedy available in equity or at law as a result of such malfeasance.

9.3 No Employment Contract. Neither this Plan nor this SPD alters, in any way, the nature, terms and conditions of any employee's employment relationship with the Company. The adoption and maintenance of this Plan does not constitute or represent, and does not imply the existence of, an employment contract between an employee and the Company. Nor does it prohibit the Company from discharging an employee at any time, or interfere in any way with an employee's right to terminate employment at any time.

9.4 Governing Law. To the extent not governed by federal law, this Plan shall be interpreted under the laws of the State of Texas notwithstanding any conflict of law principles.

9.5 Construction. Wherever in this instrument words are used in the masculine or neuter gender, they shall be read and construed as in the masculine, feminine or neuter gender wherever they would so apply, and vice versa. Wherever words appear in the singular or plural, they shall be read and construed as in the plural or singular, respectively, wherever they would so apply.

9.6 Section Headings. The section headings of this Plan and SPD are for reference purposes only and are to be given no effect in the construction or interpretation of this Plan and SPD.

X. CLAIMS PROCEDURES

The Administrative Committee will make all determinations as to the right of any employee to a benefit under the Plan. Any employee or the authorized representative of an employee may file a request for benefits under the Plan. Such request will be deemed filed when made in writing addressed or hand-delivered to the Administrative Committee, in care of Rob Kerrigan, Southern Union Company, One PEI Center, Wilkes-Barre, Pennsylvania 18711.

The Administrative Committee will determine the entitlement of each employee to any benefit under the Plan within a reasonable period of time, but not later than 90 days, after the request is received by the Plan in accordance with Section 4.2 unless the Administrative Committee determines that special circumstances require an extension of time for processing the claim. In such event, written notice of the extension will be furnished to the employee prior to the expiration of such 90-day period. In no event may an extension exceed an additional 90 days from the expiration of the end of the initial 90-day period. Any such extension notice will indicate the special circumstances requiring the extension of time and the date by which the Administrative Committee expects to render its decision.

In the event that an employee's request for any benefit under the Plan is denied in whole or in part, the employee will be furnished with a written notice of the Administrative Committee's decision which sets forth (A) the specific reason or reasons for the adverse determination; (B) reference to the specific Plan provisions upon which the determination is based; (C) a description of any additional material or information necessary for the claimant to perfect his claim and an explanation of why any such material or information is necessary; and (D) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the employee's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

Any employee whose request for any benefit under the Plan is denied in whole or in part by the Administrative Committee may request the Administrative Committee to give further consideration to his claim by filing, within 60 days following the employee's receipt of notice of the adverse benefit determination, with the Administrative Committee (either by himself or through the employee's authorized representative) a written request for a review. The employee desiring a review may submit written comments, documents, records and other information relating to the claim for benefits, regardless of whether such information was submitted or considered in the initial benefit determination, to the Administrative Committee for its consideration; and will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his claim for benefits. The Administrative Committee, in its sole discretion, may request a meeting to clarify any matters which it deems appropriate.

Except as provided in the following paragraph, if a request for review is filed within the time period described in the preceding paragraph, the Administrative Committee will promptly consider such request in accordance with the preceding paragraph and will render its decision within a reasonable period of time, but not later than 60 days, after the Plan's receipt of the

request for review, unless the Administrative Committee determines that special circumstances (such as the need to hold a hearing) require an extension of time for processing. If the Administrative Committee determines that an extension of time for processing is required, written notice of the extension will be furnished to the employee prior to the termination of the initial 60-day period. In no event will the extension exceed a period of 60 days from the end of the initial 60-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

In the event that at the time such a request for review is filed, the Administrative Committee has established a practice of holding regularly scheduled meetings on at least a quarterly basis, such decision may be made at the next regular meeting unless the request for review is filed within 30 days preceding the date of such meeting. In such event, a decision may be made by the Administrative Committee no later than the date of the second regularly scheduled meeting following the receipt of the request for review, unless special circumstances require a further extension of time for processing. If special circumstances (such as the need to hold a hearing) require a further extension of time for processing, a benefit determination will be rendered not later than the third meeting of the Administrative Committee following the receipt of the request for review. If special circumstances require an extension, the Administrative Committee will provide the employee with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Administrative Committee will notify the employee, as described in the following paragraph, of the benefit determination as soon as possible but no later than five days after the benefit determination is made.

The employee will be furnished with a written notice of the Administrative Committee's benefit determination on review, within the time periods described in the preceding paragraphs, which sets forth (A) the specific reason or reasons for adverse determination; (B) reference to the specific Plan provisions upon which the determination is based; (C) a statement that the employee is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his claim; and (D) a statement of the employee's right to bring a civil action under ERISA Section 502(a).

XI. STATEMENT OF ERISA RIGHTS

Participants in the Plan are entitled to certain rights and protections under ERISA. Title I of ERISA provides that all Plan Participants are entitled to examine, without charge, at the Plan Administrator's office and at other locations such as worksites, all Plan documents, including insurance contracts, and a copy of the latest annual report (Form 5500 series) filed by the Plan with the U. S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration; obtain, upon written request to the Plan Administrator, copies of all documents governing the operation of the Plan, including insurance contracts and copies of the latest annual report (Form 5500 series) and updated summary plan description (though the Plan Administrator may make a reasonable charge for the copies); and

receive a summary of the Plan's annual financial report (inasmuch as the Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report).

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants.

No one, including your employer and any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

If your claim for a Plan benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents related to the decision, without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U. S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees if, for example, it finds your claim is frivolous.

If you have any questions about this Plan, you should contact the Plan Administrator.

If you have any questions about this statement or your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U. S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

XII. ADMINISTRATIVE AND OTHER INFORMATION

Type of Plan

The Southern Union Company Severance Pay Plan is a welfare benefit plan, established under ERISA, to provide severance benefits to eligible employees in accordance with its terms.

Plan Sponsors and Funding Sources

Southern Union Company
PEI Power Corporation
Panhandle Eastern Pipe Line Company, LP
Trunkline Gas Company, LLC
Trunkline LNG Company, LLC

The benefits provided under this Plan are funded from the general assets of the Company. The entire cost of this Plan shall be borne by the Company and no contributions shall be required of the Participants, except as specifically provided herein.

The address and telephone number for each of the Plan sponsors and funding sources are

Southern Union Company
PEI Power Corporation
One PEI Center
Wilkes-Barre, Pennsylvania 18711
(570) 820-2422

Panhandle Eastern Pipe Line Company, LP
Trunkline Gas Company, LLC
Trunkline LNG Company, LLC
5444 Westheimer Road
Houston, Texas 77056-5306
(713) 989-7540

Plan Administrator

Administrative Committee
c/o Rob Kerrigan
Southern Union Company
One PEI Center
Wilkes-Barre, Pennsylvania 18711

The current members of the Administrative Committee are David Brodsky, Frank Denius and Rob Kerrigan.

Named Fiduciary

Southern Union is the named fiduciary of the Plan.

Plan Year; Fiscal Year

The Plan's records are maintained on a 12-month period. The plan year (or fiscal year) begins on January 1 and ends on December 31, but the initial plan year (or fiscal year) begins on March 15, 2005 and ends on December 31, 2005.

Agent for Service of Legal Process

The agent for service of legal process is Rob Kerrigan, Southern Union Company, One PEI Center, Wilkes-Barre, Pennsylvania 18711. Legal process may also be made upon the Plan Administrator, which is the Administrative Committee, at the same address.

Identification Numbers

Plan Number: 525

Employer Identification Numbers:

Southern Union Company: 75-0571592
PEI Power Corporation: 23-2933578
Panhandle Eastern Pipe Line Company, LP: 44-0382470
Trunkline Gas Company, LLC: 74-1103884
Trunkline LNG Company, LLC: 74-1768961

Questions

An employee may direct questions concerning the Plan, and his benefits, to his supervisor or Human Resources representative, and these individuals will do their best to answer an employee's questions. However, oral promises or statements made by supervisors and Company representatives cannot, and do not, alter the provisions of this Plan.

171019v.1

Division Data Request 6-7

Request:

Please provide costs incurred by NEG to date in association with the proposed purchase and sale of assets. The response should include a description of the costs, the months when the costs were incurred, the accounts to which the costs were charged, and an explanation of how the costs are tracked.

Response:

Transaction costs associated with the sale of the Rhode Island assets are being incurred and recorded at the Southern Union level. Transaction costs include legal fees, consulting fees, travel expenses, copying and mailing expenses and other miscellaneous expenses necessary to complete the transaction. Southern Union anticipates that it will incur transaction-related costs over the months of February 2006 through September 2006, based on the August 25, 2006 closing date. Currently, Southern Union estimates that it will incur a total of approximately \$1 million in costs to complete the transaction with National Grid. Transaction costs incurred and recorded at the Southern Union level will not be recorded on the books of New England Gas Company or charged back to the Rhode Island operations for ratemaking purposes.

Because the transaction costs are being incurred and recorded at the Southern Union level, the costs incurred year-to-date by New England Gas Company are minimal (less than \$8,500) and relate only to very localized costs for copying, mailing, and some minor legal work. However, all costs incurred at the operating division level will be recorded to an account established for the specific purpose of tracking transactions costs associated with the sale (Account #18600126 – Merger Related Costs). In any event, no transaction costs will be included in the earnings sharing calculation applied to the Rhode Island operations of New England Gas Company under its existing rate structure.

Prepared by or under the supervision of: Richard N. Marshall

The Narragansett Electric Company d/b/a National Grid
Southern Union Company
Docket D-06-13
Responses to Division Data Requests – Set 6
Issued on May 8, 2006

Division Data Request 6-9

Request:

Please provide the costs associated with the proposed purchase and sale of assets that NEG expects to incur from the present until closing. The response should describe the costs and the accounts to which the costs will be charged.

Response:

Please see the response to Division Data Request 6-7.

Prepared by or under the supervision of: Richard N. Marshall