

Testimony of Andrew F. Sloey

STATE OF NEW YORK	
DEPT. OF PUBLIC SERVICE	
DATE	<u>9/9/10</u>
CASE NO.	<u>10-E-0050</u>
EX	<u>70</u>

Exhibit __ (AFS-17)

FERC Form 60 KeySpan Utilities Services LLC

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____



FERC FINANCIAL REPORT

FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)	Year of Report
KeySpan Utility Services LLC	Dec 31, <u>2008</u>

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission,
888 First Street NE
Washington, DC 20426
(Attention: Mr. Michael Miller, ED-33);

And to:

Office of Information and Regulatory Affairs,
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS

I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

FERC FORM NO. 60
ANNUAL REPORT FOR SERVICE COMPANIES

IDENTIFICATION		
01 Exact Legal Name of Respondent KeySpan Utility Services LLC		02 Year of Report Dec 31, 2008
03 Previous Name (If name changed during the year)		04 Date of Name Change //
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) One Metrotech Center, Brooklyn, NY 11201		06 Name of Contact Person John O Shaughnessy
07 Title of Contact Person Director - Service Co. & Acctg. Support		08 Address of Contact Person One Metrotech Center, Brooklyn, NY 11201
09 Telephone Number of Contact Person (718) 403-2664		10 E-mail Address of Contact Person John.OShaughnessy@us.ngrnd.com
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		12 Resubmission Date (Month, Day, Year) //
13 Date of Incorporation 05/07/1998		14 If Not Incorporated, Date of Organization //
15 State or Sovereign Power Under Which Incorporated or Organized NEW YORK		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: KeySpan Corporation		
CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that: I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.		
17 Name of Signing Officer Martin Wheatcroft		19 Signature of Signing Officer Martin Wheatcroft
18 Title of Signing Officer Controller/Vice President Acctg. Services		20 Date Signed (Month, Day, Year) 05/29/2009

Name of Respondent KeySpan Utility Services LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
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List of Schedules and Accounts

1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.

Line No.	Description (a)	Page Reference (b)	Remarks (c)
1	Schedule I - Comparative Balance Sheet	101-102	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
4	Schedule IV - Investments	105	None
5	Schedule V - Accounts Receivable from Associate Companies	106	
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None
7	Schedule VII - Stores Expense Undistributed	108	None
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None
9	Schedule IX - Miscellaneous Deferred Debits	110	None
10	Schedule X - Research, Development, or Demonstration Expenditures	111	
11	Schedule XI - Proprietary Capital	201	
12	Schedule XII - Long-Term Debt	202	
13	Schedule XIII - Current and Accrued Liabilities	203	
14	Schedule XIV - Notes to Financial Statements	204	
15	Schedule XV - Comparative Income Statement	301-302	
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306	
17	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307	
18	Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)	308	None
21	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307	
23	Schedule XX - Organization Chart	401	
24	Schedule XXI - Methods of Allocation	402	

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Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		Service Company Property			
2	101	Service Company Property	103	577,711	574,871
3	101.1	Property Under Capital Leases	103		
4	106	Completed Construction Not Classified			
5	107	Construction Work In Progress	103	129,985	7,470
6		Total Property (Total Of Lines 2-5)		707,696	582,341
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	280,608	212,009
8	111	Less: Accumulated Provision for Amortization of Service Company Property			
9		Net Service Company Property (Total of Lines 6-8)		427,088	370,332
10		Investments			
11	123	Investment In Associate Companies	105		
12	124	Other Investments	105		
13	128	Other Special Funds	105		
14		Total Investments (Total of Lines 11-13)			
15		Current And Accrued Assets			
16	131	Cash			
17	134	Working Funds			
18	135	Other Special Deposits			
19	136	Temporary Cash Investments			
20	141	Notes Receivable			
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		78,663	85,835
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	53,619,895	25,224,082
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies			
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		35,673	26,811
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets - Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		53,734,231	25,336,728
36		Deferred Debits			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets			
39	183	Preliminary Survey And Investigation Charges			
40	184	Clearing Accounts			
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits			
43	188	Research, Development, or Demonstration Expenditures	110		
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes		12,772,848	
46		Total Deferred Debits (Total of Lines 37-45)		12,772,848	
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		66,934,167	25,707,060

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Schedule I - Comparative Balance Sheet (continued)

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		Proprietary Capital			
49	201	Common Stock Issued	201	(2,206,362)	(2,206,362)
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	12,640,849	
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	363,847	249,671
54	219	Accumulated Other Comprehensive Income	201	(6,341,368)	(17,650,116)
55		Total Proprietary Capital (Total of Lines 49-54)		4,456,966	(19,606,807)
56		Long-Term Debt			
57	223	Advances From Associate Companies	202	10,125,957	10,125,957
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)		10,125,957	10,125,957
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current			
64	228.2	Accumulated Provision for Injuries and Damages			
65	228.3	Accumulated Provision For Pensions and Benefits			(188,558)
66	230	Asset Retirement Obligations			
67		Total Other Non-current Liabilities (Total of Lines 63-66)			(188,558)
68		Current and Accrued Liabilities			
69	231	Notes Payable			
70	232	Accounts Payable		1,230,455	2,879,851
71	233	Notes Payable to Associate Companies	203		
72	234	Accounts Payable to Associate Companies	203	50,438,376	41,977,001
73	236	Taxes Accrued		3,190,277	(137,178)
74	237	Interest Accrued			
75	241	Tax Collections Payable		2,030	18,435
76	242	Miscellaneous Current and Accrued Liabilities	203	3,355,045	2,571,662
77	243	Obligations Under Capital Leases - Current			
78	244	Derivative Instrument Liabilities			
79	245	Derivative Instrument Liabilities - Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		58,216,183	47,309,771
81		Deferred Credits			
82	253	Other Deferred Credits			
83	254	Other Regulatory Liabilities			
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property			
87	283	Accumulated deferred income taxes-Other		(5,864,939)	(11,933,303)
88		Total Deferred Credits (Total of Lines 82-87)		(5,864,939)	(11,933,303)
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		66,934,167	25,707,060

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Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements					
6	391	Office Furniture and Equipment	551,956	2,840			554,796
7	392	Transportation Equipment					
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment	22,915				22,915
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs					
16		Total Service Company Property (Total of Lines 1-15)	574,871	2,840			577,711
17	107	Construction Work in Progress:					
18		Office Furniture & Equipment (DP)	7,470	122,515			129,985
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31		Total Account 107 (Total of Lines 14-30)		122,515			129,985
32		Total (Lines 16 and Line 31)		125,355			707,696

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Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements					
6	391	Office Furniture and Equipment	211,689	67,728			279,417
7	392	Transportation Equipment					
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment	1,549	871			2,420
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs	(1,229)				(1,229)
16		Total	212,009	68,599			280,608

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Schedule IV - Investments

1. For other investments (Account 124) and other special funds (Account 128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For temporary cash investments (Account 136), list each investment separately in a footnote.
3. Investments less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies		
2	124	Other Investments		
3	128	Other Special Funds		
4	136	Temporary Cash Investments		
5		(Total of Lines 1-4)		

Name of Respondent KeySpan Utility Services LLC		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
Schedule V – Accounts Receivable from Associate Companies					
<p>1. List the accounts receivable from each associate company. 2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.</p>					
Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)	
1	146	Accounts Receivable From Associate Companies			
2		Associate Company:			
3		Boston Gas Company	87,195		475,159
4		Colonial Gas Company	43,519		126,788
5		Energy North Natural Gas, Inc.	23,603		69,950
6		KeySpan Corporate Services LLC	124,937		263,647
7		KeySpan Engineering & Survey, Inc.	856		10,168
8		KeySpan Electric Services LLC	470,507		1,396,475
9		KeySpan Generation LLC	7,877,450		6,502,729
10		KeySpan Gas East Corporation	3,099,139		13,502,993
11		The Brooklyn Union Gas Company	4,443,573		20,298,078
12		KeySpan Ravenswood Services Corp.	(13,078)		
13		KeySpan Corporation	9,066,381		10,901,546
14		KeySpan Energy Trading Services LLC			166
15		KeySpan Energy Services Inc.			348
16		KeySpan Holding Company West			(13,079)
17		Nantucket Electric Company			349
18		Massachusetts Electric Company			22,149
19		Niagara Mohawk Power Corp.			47,568
20		Granite State Electric Company			820
21		Narragansett Gas Company			5,266
22		Narragansett Electric Company			8,775
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40	Total		25,224,082		53,619,895

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Schedule VI – Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	192	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3		None			
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Schedule VII – Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3		None			
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Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3		None		
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Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	Miscellaneous Deferred Debits		
2		Items List:		
3		None		
4				
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40	Total			

Name of Respondent KeySpan Utility Services LLC		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
Schedule X - Research, Development, or Demonstration Expenditures				
1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.				
Line No.	Account Number (a)	Title of Account (b)	Amount (c)	
1	188	Research, Development, or Demonstration Expenditures		
2		Project List:		
3		Gas Research, Development or Demonstration Expenditures	1,785,708	
4		Electric Research, Development or Demonstration Expenditures	1,969,649	
5				
6		Amount Billed to Associated Companies	(3,755,355)	
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40	Total			

Name of Respondent	This Report is:	Resubmission Date	Year of Report
KeySpan Utility Services LLC	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2008
FOOTNOTE DATA			

Schedule Page: 111 Line No.: 3 Column: c

Gas Research, Development or Demonstration Expenditures

Gas R&D - End Use	
Distributed Generation	2,399
Gas R&D - Millennium Fund	
Gas Network Maintenance	656,155
Reliability and Safety Project	244,699
Miscellaneous Projects	762,668
Gas R&D - Operation Network	
Miscellaneous Projects	119,785
 SUB-TOTAL	 1,785,706

Total amount billed to associated companies are listed below:

The Brooklyn Union Gas Company	(1,117,679)
KeySpan Gas East Corporation	(668,027)
 TOTAL	 -

Schedule Page: 111 Line No.: 4 Column: c

Electric Research, Development, or Demonstration Expenditures

Clean Energy	
Installation and Demonstration of Combined Heat and Power and Fuel Cell System	200,000
Connected Energy Communications	68,090
Distributed Generation Renewable Consultant - ancillary services to support Clean Energy Projects	104,862
Installation of a 45-50KW PV System - Suffolk County Forensic building	55,000
Clean Energy Miscellaneous Expenses - 10 items	139,980
	<u>567,932</u>
Electric Operations	
Short Range System Peak Load Forecasting	55,500
Electric Operations Miscellaneous Expenses - 9 items	88,302
	<u>143,802</u>
Electric Production	
Development of Science-Based Regulations for Cooling Water Intake Structures (CWIS) and Discharges at Power Plants and Industrial Facilities	71,679
Installation of Newly Designed Clutch from SSS that is Self-Shifting and Long-Lasting	53,398
Production Miscellaneous Expense - 14 items	234,642
	<u>359,719</u>

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KeySpan Utility Services LLC		/ /	2008
FOOTNOTE DATA			

Other RD&D Initiatives

Evaluation of Technologies over the Horizon

598,196

RD&D of Advanced Technologies for Use in the Utility Industry

250,000

Miscellaneous Expenses - All Other RD&D Initiatives

50,000

898,196

SUB-TOTAL

1,969,649

Total amount billed to associated companies are listed below:

KeySpan Electric Services LLC

(750,333)

KeySpan Generation Services LLC

(371,120)

Boston Gas Company

(211,340)

Colonial Gas Company

(49,247)

Energy North Natural Gas, Inc.

(27,540)

The Brooklyn Union Gas Company

(347,327)

KeySpan Gas East Corporation

(212,742)

TOTAL

-

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Schedule XI - Proprietary Capital

1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.
 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	1
2			Par or Stated Value per Share	
3			Outstanding Number of Shares	1
4			Close of Period Amount	(2,206,362)
5		Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-In Capital		12,640,849
10	215	Appropriated Retained Earnings		363,847
11	219	Accumulated Other Comprehensive Income		(6,341,368)
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	249,671
13			Net Income or (Loss)	114,176
14			Dividend Paid	
15			Balance at Close of Year	363,847

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Schedule XII – Long Term Debt

1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).
2. For the deductions in Column (h), please give an explanation in a footnote.
3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number	Title of Account	Term of Obligation Class & Series of Obligation	Date of Maturity	Interest Rate	Amount Authorized	Balance at Beginning of Year	Additions Deductions	Balance at Close of Year
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3		KeySpan Corporation - Parent	Promissory Note		7.25000	10,125,957	10,125,957		10,125,957
4									
5									
6									
7									
8									
9									
10									
11									
12									
13		TOTAL					10,125,957		10,125,957

14	224	Other Long-Term Debt							
15		List Creditor:							
16		None							
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28		TOTAL							

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Schedule XIII – Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies		
2		None		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24	234	Accounts Payable to Associate Companies		
25		KeySpan Corporation	41,399,457	49,738,823
26		KeySpan Corporate Services LLC	133,001	252,786
27		KeySpan Gas East Corporation	23,647	23,648
28		The Brooklyn Union Gas Company	404,601	404,602
29		KeySpan Electric Services LLC	15,163	15,163
30		KeySpan Engineering & Survey, Inc.	1,132	
31		Boston Gas Company		1,801
32		Colonial Gas Company		51
33		Energy North Natural Gas, Inc.		1,493
34		KeySpan Energy Trading Services LLC		9
35				
36				
37				
38				
39				
40				
41	242	Miscellaneous Current and Accrued Liabilities		
42		Accrued Vacation	1,853,957	1,074,899
43		Accrued Incentive Compensation	461,849	1,684,072
44		Accrued Interest on Deferred Compensation	205,856	196,074
45		Employees 401K Match	50,000	
46		Post Employment Benefits		400,000
47				
48				
49				
50		(Total)	44,548,663	53,793,421

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Schedule XIV- Notes to Financial Statements

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

KEYSPAN UTILITY SERVICES LLC

SCHEDULE XIV - NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Organization of the Company

KeySpan Utility Services LLC ("KUS" or the "Company") is a wholly-owned subsidiary of KeySpan Corporation ("KeySpan" or the "Parent"), a holding company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). The primary operating companies of KeySpan are The Brooklyn Union Gas Company, KeySpan Gas East Corporation, Boston Gas Company, Essex Gas Company, Colonial Gas Company, EnergyNorth Natural Gas, Inc., KeySpan Generation LLC and KeySpan Electric Services LLC ("KeySpan Electric").

KeySpan is a wholly owned subsidiary of National Grid USA ("NGUSA"), a public utility holding company with regulated subsidiaries engaged in the transmission, distribution and sale of both natural gas and electricity. NGUSA is a wholly owned subsidiary of National Grid plc., a public limited company incorporated under the laws of England and Wales. The Company continues as a wholly owned subsidiary of KeySpan and as an indirectly-owned subsidiary of National Grid plc.

Pursuant to PUHCA 2005, the Federal Energy Regulatory Commission ("FERC") has jurisdiction over certain holding company activities, including (i) regulating certain transactions among affiliates within Keyspan's and NGUSA's holding company system; (ii) governing the issuance, acquisition and disposition of securities and assets by certain of Keyspan's and NGUSA's public utility subsidiaries; and (iii) approving certain utility mergers and acquisitions.

Moreover, Keyspan's and NGUSA's affiliate transactions also remain subject to certain regulations of the Public Service Commission of the State of New York ("NYPSC"), the Massachusetts Department of Telecommunications and Energy ("MADTE"), the New Hampshire Public Utility Commission ("NHPUC") and the Rhode Island Public Utilities Commission ("RIPUC") in addition to FERC.

Description of Business

Pursuant to Service Agreements between KUS, KeySpan and NGUSA and all affiliated companies (collectively, the "Client Companies"), KUS provides the following services to these companies: (a) complete fuel management services including the purchase, sale, movement, transfer, accounting and administration of gas quantities (b) planning, formulation and implementation of sales and marketing programs (c) gas supply

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Schedule XIV- Notes to Financial Statements			

transmission and distribution planning as it relates to safety, reliability, expansion and load handling (d) research and development relating to production, utilization, testing, manufacture, transmission, storage and distribution of energy and (e) purchase, repair and refurbishing of meter operations.

Services provided to Client Companies are allocated at cost based upon guidelines as set forth in the Service Agreements. Costs are (1) directly charged where possible, or (2) allocated using the appropriate allocation ratio. Any residual costs are allocated using the appropriate allocation ratio. The allocation ratios are defined in the Service Agreements.

Basis of Presentation

These financial statements were prepared in conformity with generally accepted accounting principles ("GAAP") in the United States. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements presented herein include the years ended December 31, 2008 and December 31, 2007. The accounting records of KUS are maintained in accordance with the Uniform System of Accounts for Centralized Service Companies under PUHCA, as administered by the "FERC".

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Income Taxes

KeySpan and NGUSA file a consolidated federal income tax return. In accordance with Statement of Accounting Standard ("SFAS") 109, "Accounting for Income Taxes," the Company utilizes a tax sharing agreement for the allocation of a realized tax liability or benefit based upon separate return contributions of each subsidiary to the consolidated taxable income or loss in the consolidated tax return. Deferred income taxes are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Recent Accounting Pronouncements

In March 2008, the Financial Accounting Standards Board ("FASB") issued SFAS 161 "Disclosures about Derivative Instruments and Hedging Activities." This Statement amends and expands the disclosure requirements of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", with the intent to provide users of financial statements with an enhanced understanding of (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This Statement requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This Statement shall be effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

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This Statement will have no impact on results of operations, financial position or cash flows.

In December 2007, the FASB issued SFAS 141R "Business Combinations." The objective of SFAS 141R is to improve the relevance and comparability of the financial information that a reporting entity provides in its financial reports about a business combination and its effects. This Statement establishes principles and requirements for how the acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in business combination; and determines what information to disclose. This Statement shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. This Statement has no impact on the Company's current results of operations, cash flows or financial position.

In December 2007, the FASB issued SFAS 160 "Noncontrolling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin 51 "Consolidated Financial Statements." The objective of SFAS 160 is to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 shall be effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is currently reviewing the requirements of SFAS 160, and at this point in time cannot determine what impact, if any, SFAS 160 will have on its results of operations, cash flows or financial position.

Note 2. Postretirement Benefits

Pension: KUS employees are members of KeySpan's noncontributory defined benefit pension plans covering substantially all employees associated with KeySpan. Benefits are based on years of service and compensation. Pension costs are allocated to KUS; related pension obligations and assets are commingled and are not allocated to the individual sponsors (i.e. KUS). Pension expense attributed to KUS for the years ended December 31, 2008 and 2007 was approximately \$0.9 million and \$0.6 million, respectively. These costs or benefits are then allocated to client companies as burden costs based upon direct labor costs of KUS. Funding for pensions is in accordance with requirements of federal law and regulations.

Other Postretirement Benefits: KUS employees are members of KeySpan's noncontributory defined benefit plans under which is provided certain health care and life insurance benefits for retired employees of KeySpan. Other postretirement benefit costs are allocated to KUS; related pension obligations and assets are commingled and are not allocated to the individual sponsors (i.e. KUS). KeySpan has been funding a portion of future benefits over employees' active service lives through Voluntary Employee Beneficiary Association (VEBA) trusts. Contributions to VEBA trusts are tax deductible, subject to limitations contained in the Internal Revenue Code. Other Postretirement benefit expense attributed to KUS for the years ended December 31, 2008 and 2007 was approximately \$3.1 million and \$4.3 million, respectively. These costs are then allocated to client companies as burden costs based upon direct labor costs of KUS.

Note 3. Notes Payable to Associate Companies

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Schedule XIV - Notes to Financial Statements			

KUS had \$10.1 million of notes payable to KeySpan at December 31, 2008 and 2007. The interest rate on these notes is 7.25%. The fair value of the debt is generally equal to the carrying value.

Note 4. Receivable from Associate Companies (Short-Term)

KeySpan and NGUSA have established a utility money pool (which is recorded in "Accounts Receivable from Associated Companies") to coordinate short-term borrowings for certain subsidiaries. The money pool provides a more efficient use of cash resources of KeySpan and NGUSA and reduces outside borrowings. The money pool is administered by KeySpan Corporate Services ("KCS") and funded, as needed, through the issuance of commercial paper. Interest expense and other fees are allocated based on borrowing amounts. The Public Service Commission of New York has restricted The Brooklyn Union Gas Company and KeySpan Gas East Corporation from lending to the utility money pool but does permit these utilities to borrow from the utility money pool.

Note 5. Financial Guarantees

KUS has jointly and severally guaranteed approximately \$155 million of Promissory Notes to the Long Island Power Authority ("LIPA"). This debt, which is reflected on the financial statements of the Parent and allocated to certain affiliates, have maturity dates ranging from 2016-2025 and interest rates from 5.15%-5.30%. Other affiliates jointly and severally liable for this debt include KeySpan Gas East Corporation, KeySpan Energy Trading Services LLC, KeySpan Generation LLC, Keyspan Corporate Services and KeySpan Electric Services.

Note 6. Operating Leases

Substantially all leases, other than leases associated with Boston Gas Company, Essex Gas Company, Colonial Gas Company and EnergyNorth Natural Gas Inc., and non-regulated business of KeySpan, are the obligation of KeySpan Corporate Services. KUS records, as an intercompany expense, costs incurred for the use of leased equipment such as buildings, office equipment, vehicles, and powered operated equipment. These intercompany expenses, which are not specifically identified in intercompany billings, are reflected in Operations and Maintenance expense in the Statement of Income.

Note 7. Income Tax

KUS files a consolidated federal income tax return with the Parent. A tax sharing agreement between the Parent and its subsidiaries provides for the allocation of a realized tax liability or benefit based on separate return contributions of each subsidiary to the consolidated taxable income or loss in the consolidated tax return.

Income tax expense (benefit) is reflected as follows in the Statement of Income:

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Schedule XIV- Notes to Financial Statements

(In Thousands of Dollars)	Year Ended December 31, 2008	Year Ended December 31, 2007
Current income tax		
Federal	\$ (2,816)	\$ (58)
State and Local	(419)	(13)
Total current income tax	(3,235)	(71)
Deferred income tax		
Federal	2,593	(112)
State and Local	552	(25)
Total deferred income tax	3,145	(137)
Total income tax expense (benefit)	\$ (90)	\$ (208)

The components of the deferred tax assets and (liabilities) reflected in the Balance Sheet are as follows:

(In Thousands of Dollars)	December 31, 2008	December 31, 2007
Accrual to Return adjustments	\$ -	\$ 1,676
Property related differences	(180)	(70)
Pension, postretirement costs and other benefits	18,364	10,427
Other items - net	454	(100)
Net deferred tax asset (liability)	\$ 18,638	\$ 11,933

The following is a reconciliation between reported income tax and tax computed at the statutory federal income tax rate of 35%:

(In Thousands of Dollars)	Year Ended December 31, 2008	Year Ended December 31, 2007
Computed at the statutory rate	\$ 8	\$ -
Adjustments related to:		
State taxes, net of Federal benefits	86	(25)
Accrual to Return adjustment	15	-
Medicare Income	(132)	(227)
Other items - net	(67)	44
Total income tax expense (benefit)	\$ (90)	\$ (208)

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Schedule XV- Comparative Income Statement					
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)	
1		SERVICE COMPANY OPERATING REVENUES			
2	400	Service Company Operating Revenues	46,846,683	56,254,029	
3		SERVICE COMPANY OPERATING EXPENSES			
4	401	Operation Expenses	46,269,995	55,854,560	
5	402	Maintenance Expenses	6,202	2,799	
6	403	Depreciation Expenses	68,599	66,286	
7	403.1	Depreciation Expense for Asset Retirement Costs			
8	404	Amortization of Limited-Term Property			
9	405	Amortization of Other Property			
10	407.3	Regulatory Debits			
11	407.4	Regulatory Credits			
12	408.1	Taxes Other Than Income Taxes, Operating Income	216	229	
13	409.1	Income Taxes, Operating Income	(3,234,971)	(70,670)	
14	410.1	Provision for Deferred Income Taxes, Operating Income	3,148,696	118,908	
15	411.1	Provision for Deferred Income Taxes - Credit , Operating Income	(3,573)	(256,248)	
16	411.4	Investment Tax Credit, Service Company Property			
17	411.6	Gains from Disposition of Service Company Plant			
18	411.7	Losses from Disposition of Service Company Plant			
19	411.10	Accretion Expense			
20	412	Costs and Expenses of Construction or Other Services			
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work			
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	46,255,164	55,715,864	
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	591,519	538,165	
24		OTHER INCOME			
25	418.1	Equity in Earnings of Subsidiary Companies			
26	419	Interest and Dividend Income	266,556	420,461	
27	419.1	Allowance for Other Funds Used During Construction			
28	421	Miscellaneous Income or Loss			
29	421.1	Gain on Disposition of Property			
30		TOTAL OTHER INCOME (Total of Lines 25-29)	266,556	420,461	
31		OTHER INCOME DEDUCTIONS			
32	421.2	Loss on Disposition of Property			
33	425	Miscellaneous Amortization			
34	426.1	Donations			
35	426.2	Life Insurance			
36	426.3	Penalties			
37	426.4	Expenditures for Certain Civic, Political and Related Activities			
38	426.5	Other Deductions			
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)			
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS			

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Schedule XV- Comparative Income Statement (continued)					
Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)	
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions			
42	409.2	Income Taxes, Other Income and Deductions			
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions			
44	411.2	Provision for Deferred Income Taxes - Credit, Other Income and Deductions			
45	411.5	Investment Tax Credit, Other Income Deductions			
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)			
47		INTEREST CHARGES			
48	427	Interest on Long-Term Debt			
49	428	Amortization of Debt Discount and Expense			
50	429	(less) Amortization of Premium on Debt- Credit			
51	430	Interest on Debt to Associate Companies	734,132	734,132	
52	431	Other Interest Expense	9,767	16,483	
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit			
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	743,899	750,615	
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)	114,176	208,011	
56		EXTRAORDINARY ITEMS			
57	434	Extraordinary Income			
58	435	(less) Extraordinary Deductions			
59		Net Extraordinary Items (Line 57 less Line 58)			
60	409.4	(less) Income Taxes, Extraordinary			
61		Extraordinary Items After Taxes (Line 59 less Line 60)			
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)	114,176	208,011	

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies

1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	403-403.1	Depreciation Expense		68,599	68,599			
2	404-405	Amortization Expense						
3	407.3-407.4	Regulatory Debits/Credits - Net						
4	408.1-408.2	Taxes Other Than Income Taxes		216	216			
5	409.1-409.3	Income Taxes						
6	410.1-411.2	Provision for Deferred Taxes						
7	411.1-411.2	Provision for Deferred Taxes - Credit						
8	411.5	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
10	411.4-411.5	Investment Tax Credit Adjustment						
11	411.10	Accretion Expense						
12	412	Costs and Expenses of Construction or Other Services						
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies						
14	418	Non-operating Rental Income						
15	418.1	Interest and Dividend Income						
16	419.1	Allowance for Other Funds Used During Construction						
17	421	Miscellaneous Income or Loss						
18	421.1	Gain on Disposition of Property						
19	421.2	Loss on Disposition Of Property						
20	425	Miscellaneous Amortization						
21	426.1	Donations						
22	426.2	Life Insurance						
23	426.3	Penalties						
24	426.4	Expenditures for Certain Civic, Political and Related Activities						
25	426.5	Other Deductions						
26	427	Interest On Long-Term Debt						
27	428	Amortization of Debt Discount and Expense						
28	429	Amortization of Premium on Debt - Credit						
29	430	Interest on Debt to Associate Companies						
30	431	Other Interest Expense						
31	500-509	Total Steam Power Generation Operation Expenses		80,066	80,066			
32	510-515	Total Steam Power Generation Maintenance Expenses		5,020	5,020			
33	517-525	Total Nuclear Power Generation Operation Expenses						
34	528-532	Total Nuclear Power Generation Maintenance Expenses						

Name of Respondent		This Report Is:			Resubmission Date	Year/Period of Report		
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Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	535-540.1	Total Hydraulic Power Generation Operation Expenses						
36	541-545.1	Total Hydraulic Power Generation Maintenance Expenses						
37	546-550.1	Total Other Power Generation Operation Expenses						
38	551-554.1	Total Other Power Generation Maintenance Expenses						
39	555-557	Total Other Power Supply Operation Expenses						
40	560	Operation Supervision and Engineering						
41	561.1	Load Dispatch-Reliability						
42	561.2	Load Dispatch-Monitor and Operate Transmission System						
43	561.3	Load Dispatch-Transmission Service and Scheduling						
44	561.4	Scheduling, System Control and Dispatch Services						
45	561.5	Reliability Planning and Standards Development						
46	561.6	Transmission Service Studies						
47	561.7	Generation Interconnection Studies						
48	561.8	Reliability Planning and Standards Development Services						
49	562	Station Expenses (Major Only)						
50	563	Overhead Line Expenses (Major Only)						
51	564	Underground Line Expenses (Major Only)						
52	565	Transmission of Electricity by Others (Major Only)						
53	566	Miscellaneous Transmission Expenses (Major Only)						
54	567	Rents						
55	567.1	Operation Supplies and Expenses (Nonmajor Only)						
56		Total Transmission Operation Expenses						
57	568	Maintenance Supervision and Engineering (Major Only)						
58	569	Maintenance of Structures (Major Only)						
59	569.1	Maintenance of Computer Hardware						
60	569.2	Maintenance of Computer Software						
61	569.3	Maintenance of Communication Equipment						
62	569.4	Maintenance of Miscellaneous Regional Transmission Plant						
63	570	Maintenance of Station Equipment (Major Only)						
64	571	Maintenance of Overhead Lines (Major Only)						
65	572	Maintenance of Underground Lines (Major Only)						
66	573	Maintenance of Miscellaneous Transmission Plant (Major Only)						
67	574	Maintenance of Transmission Plant (Nonmajor Only)						
68		Total Transmission Maintenance Expenses						

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report			
KeySpan Utility Services LLC		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2008			
Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	575.1-575.8	Total Regional Market Operation Expenses						
70	576.1-576.5	Total Regional Market Maintenance Expenses						
71	580-589	Total Distribution Operation Expenses						
72	590-598	Total Distribution Maintenance Expenses						
73		Total Electric Operation and Maintenance Expenses	85,088	68,815	153,901			
74	800-812	Total Other Gas Supply Operation Expenses						
75	814-826	Total Underground Storage Operation Expenses						
76	830-837	Total Underground Storage Maintenance Expenses						
77	840-842.3	Total Other Storage Operation Expenses						
78	843.1-843.9	Total Other Storage Maintenance Expenses						
79	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses						
80	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses						
81	850	Operation Supervision and Engineering						
82	851	System Control and Load Dispatching.						
83	852	Communication System Expenses						
84	853	Compressor Station Labor and Expenses						
85	854	Gas for Compressor Station Fuel						
86	855	Other Fuel and Power for Compressor Stations						
87	856	Mains Expenses						
88	857	Measuring and Regulating Station Expenses						
89	858	Transmission and Compression of Gas By Others						
90	859	Other Expenses						
91	860	Rents						
92		Total Gas Transmission Operation Expenses						
93	861	Maintenance Supervision and Engineering						
94	862	Maintenance of Structures and Improvements						
95	863	Maintenance of Mains						
96	864	Maintenance of Compressor Station Equipment						
97	865	Maintenance of Measuring And Regulating Station Equipment						
98	866	Maintenance of Communication Equipment						
99	867	Maintenance of Other Equipment						
100		Total Gas Transmission Maintenance Expenses						
101	871-881	Total Distribution Operation Expenses	98,404	422	98,826			
102	885-894	Total Distribution Maintenance Expenses	1,134		1,134			
103		Total Natural Gas Operation and Maintenance Expenses	99,538	422	99,960			
104	901	Supervision						

Name of Respondent KeySpan Utility Services LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
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Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	902	Meter reading expenses						
106	903	Customer records and collection expenses						
107	904	Uncollectible accounts						
108	905	Miscellaneous customer accounts expenses						
109	906	Total Customer Accounts Operation Expenses						
110	907	Supervision						
111	908	Customer assistance expenses						
112	909	Informational And Instructional Advertising Expenses						
113	910	Miscellaneous Customer Service And Informational Expenses	587,736	36,946	624,682			
114		Total Service and Informational Operation Accounts	587,736	36,946	624,682			
115	911	Supervision						
116	912	Demonstrating and Selling Expenses	3,244,009	955,914	4,199,922			
117	913	Advertising Expenses						
118	916	Miscellaneous Sales Expenses	5,756,782	934,594	6,691,376			
119		Total Sales Operation Expenses	9,000,790	1,890,508	10,891,298			
120	920	Administrative and General Salaries	1,103,760	7,601,967	8,705,727			
121	921	Office Supplies and Expenses	268,001	2,440,336	2,708,339			
122	923	Outside Services Employed		137,991	137,991			
123	924	Property Insurance						
124	925	Injuries and Damages						
125	926	Employee Pensions and Benefits						
126	928	Regulatory Commission Expenses						
127	900.1	General Advertising Expenses						
128	900.2	Miscellaneous General Expenses	3,378,155	19,644,832	23,022,987			
129	931	Rents						
130		Total Administrative and General Operation Expenses	4,749,916	29,825,128	34,575,044			
131	935	Maintenance of Structures and Equipment		48	48			
132		Total Administrative and General Maintenance Expenses	4,749,916	29,825,176	34,575,092			
133		Total Cost of Service	14,523,066	31,821,867	46,344,933			

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KeySpan Utility Services LLC		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2008
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense		68,599	68,599
2	404-405	Amortization Expense			
3	407.3-407.4	Regulatory Debits/Credits - Net			
4	408.1-408.2	Taxes Other Than Income Taxes		216	216
5	409.1-409.3	Income Taxes			
6	410.1-411.2	Provision for Deferred Taxes			
7	411.1-411.2	Provision for Deferred Taxes - Credit			
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense			
12	412	Costs and Expenses of Construction or Other Services			
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies			
14	418	Non-operating Rental Income			
15	418.1	Interest and Dividend Income			
16	419.1	Allowance for Other Funds Used During Construction			
17	421	Miscellaneous Income or Loss			
18	421.1	Gain on Disposition of Property			
19	421.2	Loss on Disposition Of Property			
20	425	Miscellaneous Amortization			
21	426.1	Donations			
22	426.2	Life Insurance			
23	426.3	Penalties			
24	426.4	Expenditures for Certain Civic, Political and Related Activities			
25	426.5	Other Deductions			
26	427	Interest On Long-Term Debt			
27	428	Amortization of Debt Discount and Expense			
28	429	Amortization of Premium on Debt - Credit			
29	430	Interest on Debt to Associate Companies			
30	431	Other Interest Expense			
31	500-509	Total Steam Power Generation Operation Expenses	80,066		80,066
32	510-515	Total Steam Power Generation Maintenance Expenses	5,020		5,020
33	517-525	Total Nuclear Power Generation Operation Expenses			
34	528-532	Total Nuclear Power Generation Maintenance Expenses			

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
35	535-540.1	Total Hydraulic Power Generation Operation Expenses			
36	541-545.1	Total Hydraulic Power Generation Maintenance Expenses			
37	546-550.1	Total Other Power Generation Operation Expenses			
38	551-554.1	Total Other Power Generation Maintenance Expenses			
39	555-557	Total Other Power Supply Operation Expenses			
40	560	Operation Supervision and Engineering			
41	561.1	Load Dispatch-Reliability			
42	561.2	Load Dispatch-Monitor and Operate Transmission System			
43	561.3	Load Dispatch-Transmission Service and Scheduling			
44	561.4	Scheduling, System Control and Dispatch Services			
45	561.5	Reliability Planning and Standards Development			
46	561.6	Transmission Service Studies			
47	561.7	Generation Interconnection Studies			
48	561.8	Reliability Planning and Standards Development Services			
49	562	Station Expenses (Major Only)			
50	563	Overhead Line Expenses (Major Only)			
51	564	Underground Line Expenses (Major Only)			
52	565	Transmission of Electricity by Others (Major Only)			
53	568	Miscellaneous Transmission Expenses (Major Only)			
54	567	Rents			
55	567.1	Operation Supplies and Expenses (Nonmajor Only)			
56		Total Transmission Operation Expenses			
57	568	Maintenance Supervision and Engineering (Major Only)			
58	569	Maintenance of Structures (Major Only)			
59	569.1	Maintenance of Computer Hardware			
60	569.2	Maintenance of Computer Software			
61	569.3	Maintenance of Communication Equipment			
62	569.4	Maintenance of Miscellaneous Regional Transmission Plant			
63	570	Maintenance of Station Equipment (Major Only)			
64	571	Maintenance of Overhead Lines (Major Only)			
65	572	Maintenance of Underground Lines (Major Only)			
66	573	Maintenance of Miscellaneous Transmission Plant (Major Only)			
67	574	Maintenance of Transmission Plant (Nonmajor Only)			
68		Total Transmission Maintenance Expenses			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
KeySpan Utility Services LLC		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2008
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (f)	Total Charges for Services Indirect Cost (g)	Total Charges for Services Total Cost (k)
69	575.1-575.8	Total Regional Market Operation Expenses			
70	576.1-576.5	Total Regional Market Maintenance Expenses			
71	580-589	Total Distribution Operation Expenses			
72	590-598	Total Distribution Maintenance Expenses			
73		Total Electric Operation and Maintenance Expenses	85,085	68,815	153,901
74	800-812	Total Other Gas Supply Operation Expenses			
75	814-826	Total Underground Storage Operation Expenses			
76	830-837	Total Underground Storage Maintenance Expenses			
77	840-842.3	Total Other Storage Operation Expenses			
78	843.1-843.9	Total Other Storage Maintenance Expenses			
79	844.1-848.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses			
80	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses			
81	850	Operation Supervision and Engineering			
82	851	System Control and Load Dispatching			
83	852	Communication System Expenses			
84	853	Compressor Station Labor and Expenses			
85	854	Gas for Compressor Station Fuel			
86	855	Other Fuel and Power for Compressor Stations			
87	856	Mains Expenses			
88	857	Measuring and Regulating Station Expenses			
89	858	Transmission and Compression of Gas By Others			
90	859	Other Expenses			
91	860	Rents			
92		Total Gas Transmission Operation Expenses			
93	861	Maintenance Supervision and Engineering			
94	862	Maintenance of Structures and Improvements			
95	863	Maintenance of Mains			
96	864	Maintenance of Compressor Station Equipment			
97	865	Maintenance of Measuring And Regulating Station Equipment			
98	866	Maintenance of Communication Equipment			
99	867	Maintenance of Other Equipment			
100		Total Gas Transmission Maintenance Expenses			
101	871-881	Total Distribution Operation Expenses	98,404	422	98,826
102	885-894	Total Distribution Maintenance Expenses	1,134		1,134
103		Total Natural Gas Operation and Maintenance Expenses	99,538	422	99,960
104	901	Supervision			

Name of Respondent		This Report Is:		Resubmission Date	Year/Period of Report
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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					
Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	902	Meter reading expenses			
106	903	Customer records and collection expenses			
107	904	Uncollectible accounts			
108	905	Miscellaneous customer accounts expenses			
109	906	Total Customer Accounts Operation Expenses			
110	907	Supervision			
111	908	Customer assistance expenses			
112	909	Informational And Instructional Advertising Expenses			
113	910	Miscellaneous Customer Service And Informational Expenses	587,736	36,946	624,682
114		Total Service and Informational Operation Accounts	587,736	36,946	624,682
115	911	Supervision			
116	912	Demonstrating and Selling Expenses	3,244,008	955,914	4,199,922
117	913	Advertising Expenses			
118	916	Miscellaneous Sales Expenses	5,756,782	934,594	6,691,376
119		Total Sales Operation Expenses	9,000,790	1,890,508	10,891,298
120	920	Administrative and General Salaries	1,103,760	7,601,967	8,705,727
121	921	Office Supplies and Expenses	268,001	2,440,338	2,708,339
122	923	Outside Services Employed		137,991	137,991
123	924	Property Insurance			
124	925	Injuries and Damages			
125	926	Employee Pensions and Benefits			
126	928	Regulatory Commission Expenses			
127	930.1	General Advertising Expenses			
128	930.2	Miscellaneous General Expenses	3,378,155	19,644,832	23,022,987
129	931	Rents			
130		Total Administrative and General Operation Expenses	4,749,916	29,825,128	34,575,044
131	935	Maintenance of Structures and Equipment		48	48
132		Total Administrative and General Maintenance Expenses	4,749,916	29,825,176	34,575,092
133		Total Cost of Service	14,523,066	31,821,867	46,344,933

Name of Respondent KeySpan Utility Services LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2008
FOOTNOTE DATA			

Schedule Page: 304 Line No.: 118 Column: e

Account	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost
916	Miscellaneous Sales Expenses	5,588,536	934,594	6,523,130
917	Promotional Advertising Expenses	168,246	-	168,246
		<u>5,756,782</u>	<u>934,594</u>	<u>6,691,376</u>

Schedule Page: 304 Line No.: 128 Column: e

Account	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost
930.2	Miscellaneous General Expenses	1,071,453	898,196	1,969,649
940	Service Company Expenses to Capital	2,091,178	13,796,179	15,887,357
984	Service Company Expenses to Clearing Accts.	215,524	4,950,457	5,165,981
		<u>3,378,155</u>	<u>19,644,832</u>	<u>23,022,987</u>

Name of Respondent KeySpan Utility Services LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
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Schedule XVII - Analysis of Billing - Associate Companies (Account 457)

1. For services rendered to associate companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Boston Gas Company	23,650	528,860	3,932	556,442
2	Colonial Gas Company		125,296		125,296
3	Energy North Natural Gas, Inc.		69,567		69,567
4	KeySpan Electric Services LLC	975,305	2,457,821	13,737	3,446,863
5	KeySpan Generation LLC	452,399	305,781	13,737	771,917
6	KeySpan Gas East Corporation	5,143,355	9,666,300	201,485	15,011,140
7	The Brooklyn Union Gas Company	7,935,950	18,111,180	268,859	26,315,989
8	KeySpan Ravenswood Services Corp.	(7,593)			(7,593)
9	KeySpan Energy Trading Services LLC		870		870
10	KeySpan Energy Services Inc.		1,051		1,051
11	Nantucket Electric Company		2,198		2,198
12	Massachusetts Electric Company		139,440		139,440
13	Niagara Mohawk Power Corp.		312,905		312,905
14	Granite State Electric Company		5,161		5,161
15	Narragansett Gas Company		40,196		40,196
16	Narragansett Electric Company		55,241		55,241
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	Total	14,523,066	31,821,867	501,750	46,846,683

Name of Respondent KeySpan Utility Services LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
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Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)

1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	None					
2						
3						
4						
5						
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15						
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39						
40	Total					

Name of Respondent KeySpan Utility Services LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
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Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.
 2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	Various Electric Research, Development and Demonstration Activities	1,969,649
2		
3		
4		
5		
6		
7		
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40	Total	1,969,649

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Schedule XX - Organization Chart			

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

KEYSPAN UTILITY SERVICES LLC

ORGANIZATION CHART

For the Year Ended December 31, 2008

President

Senior Vice President, Sales & Account Management

Senior Vice President

Vice President and Treasurer

Vice President and Controller

Assistant Treasurer

Assistant Treasurer

Assistant Treasurer

Assistant Secretary

Assistant Secretary

Assistant Secretary

Name of Respondent KeySpan Utility Services LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2008
Schedule XXI - Methods of Allocation			

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

KEYSPAN UTILITY SERVICES LLC

METHODS OF ALLOCATION

For the Year Ended December 31, 2008

The Service Companies allocate all service company costs to associated regulated and non-utility companies through a tiered approach. All costs are allocated and billed at cost. First and foremost, costs will be directly charged whenever practicable, including instances when more than one associate company is receiving the same goods or service at the same time. Secondly, in cases where direct charging cannot be readily determined, costs will be allocated using cost/causation principles linked to the relationship of that type of service. This allocation methodology reflects operational aspects of the charge and applies costs in a meaningful and impartial method.

The Service Companies allocate costs among associated companies receiving services from it under a Service Agreement using the following descriptions of service, cost accumulation, assignment and allocation methodologies:

A. Description of Services Offered by KeySpan Utility Services

1. Fuel Management

Manage Client Companies' purchase, sale, movement, transfer and accounting of gas quantities to ensure continued recovery of all prudently incurred energy purchase costs through local jurisdictional cost recovery mechanisms.

Provide services and systems dedicated to energy marketing, including marketing and trading of gas and energy price risk management. Develop marketing and sales programs in physical and financial markets for regulatory and specific contractual requirements. Activities include short-term planning, billing and reconciliations.

2. Marketing and Sales

Plan, formulate and implement marketing and sales programs, as well as provide associated marketing services to assist Client Companies with improving customer satisfaction, load retention and shaping, growth of residential, commercial/industrial energy sales and deliveries, energy conservation and efficiency. Assist Client Companies in carrying out policies and programs for the development of plant locations and of industrial, commercial and wholesale markets. Develop and administer marketing research and planning programs as well as advertising/telemarketing programs. Perform load research, econometric modeling, and sales and revenue forecasting for jurisdictional gas subsidiaries.

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Schedule XXI - Methods of Allocation			

3. Meter Operations

Purchase, repair and refurbish meters for Client Companies.

4. Research and Development

Investigate and conduct research relating to production, utilization, testing, manufacture, transmission, storage and distribution of energy. Keep abreast of and evaluate for Client Companies all research developments and programs of significance affecting Client Companies and the energy industry. Advise and assist in the solution of technical problems arising out of Client Companies' operations.

5. Gas and Electric Transmission and Distribution Planning

Provide gas and electric transmission and distribution planning services as related to system and safety reliability, expansion and load handling capabilities.

6. Executive and Administrative

Advise and assist Client Companies in the formulation and execution of general plans and policies of Client Companies. Advise and assist Client Companies as to operations, the preparation of filings arising out of or required by the various federal and state securities, business, public utilities and corporation laws, the selection of executive and administrative personnel, the representation of Client Companies before regulatory bodies, proposals for capital expenditures, budgets, acquisition and disposition of properties, expansion of business, rate structures and other related matters.

B. Methods of Allocation

Cost of service will be determined in accordance with the Act and the rules and regulations and orders thereunder, and will include all costs of doing business incurred by KUS, including a reasonable return on capital which will reflect a capitalization of KUS of no more than equity of ten percent (10%), and all associated taxes.

KUS will maintain an accounting system for accumulating all costs on a project, activity or other appropriate basis. The accounting system will use codes to assign charges to the applicable

costs center, project, activity and account. Records will be kept by each cost center of KUS in order to accumulate all costs of doing business. Expenses of the department will include salaries and wages of employees, materials and supplies and all other expenses attributable to the department. Labor cost will be

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Schedule XXI - Methods of Allocation			

loaded for fringe benefits and payroll taxes. To the extent practicable, time records of hours worked by all service company employees, including all officers of such company (i.e., Chief Executive Officer, President and Vice Presidents), will be kept by project and activity. In supplying services, KUS may arrange where it deems appropriate, for the services of experts, consultants, advisors and other persons with necessary qualifications as are required to perform such services. KUS will establish annual budgets for controlling the expenses of each department.

Monthly KUS costs will be directly assigned to Client Companies where possible. Amounts that cannot be directly assigned will be allocated to Client Companies by means of equitable allocation formulae or clearing accounts. To the extent possible, such allocations shall be based on cost-causation relationships. All other allocations will be broad based. In some instances, KUS cost centers which perform work for other service company cost centers may use a surrogate allocation method that mimics the allocations of the receiver cost center. Each formula will have an appropriate basis such as meters, square footage, etc.

Each Client Company will take agreed upon services and such additional or general or special services, whether or not now contemplated, as are requested from time to time by such Client Company and which KUS concludes it is able to perform. No amendment, alteration or rescission of an activity or project shall release a Client Company from liability for all costs already incurred by, or contracted for, by KUS pursuant to the project or activity regardless of whether the services associated with such costs have been completed.

Allocation percentages will be calculated on historical data where appropriate and updated annually. Due to the unique nature of the management services agreement contract with the Long Island Power Authority (LIPA), the revenues, assets, etc. managed on their behalf, will be included in the basis with the applicable Client Company's data in order to determine appropriate allocations.

The method of assignment or allocation of costs shall be reviewed annually or more frequently if appropriate. If the use of a basis of allocation would result in an inequity because of a change in

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operations or organization, then KUS may adjust the basis to effect an equitable distribution.

The applications of Service Allocations are described more fully below.

<u>Service Department Or Function</u>	<u>Basis of Allocation</u>
Fuel Management	sendout 3-point formula
Marketing and Sales	3-point formula
Meter Operations	#of meters
Research and Development	3-point formula
Gas and Electric Transmission and Distribution Planning	Property
Executive and Administrative	3-point formula

Definition of Allocation Factors to be used by KUS

Assets - A ratio based on total assets at the end of the year, the numerator of which is for a specific client company and the denominator being all recipient client companies. This ratio will be calculated annually based on actual experience.

of Meters – A ratio based on the number of meters at the end of the year, the numerator of which is for a specific client company and the denominator being all recipient client companies. This ratio will be calculated annually based on actual experience.

Expenses - A ratio based on total operation and maintenance expenses excluding fuel costs, the numerator of which is for a specific client company and the denominator being all recipient client companies. This ratio will be calculated annually based on actual experience.

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Property - A ratio based on gross fixed assets, valued at original acquisition costs, and investments owned in other companies, including construction work in progress, at the end of the year, the numerator of which is for a specific client company and the denominator being all recipient client companies. This ratio will be calculated annually based on actual experience.

Revenue - A ratio based on the revenue for the previous calendar year, the numerator of which is for a specific client company and the denominator being all recipient client companies. This ratio will be calculated annually based on actual experience.

Sendout - A ratio based on the sendout for the previous calendar year, including gas used by the Client entity but excluding Transportation customer volumes delivered for another gas supplier, the numerator of which is for a specific client company and the denominator being all recipient client companies. This ratio will be calculated annually based on actual experience.

3-Point Formula – This formula consists of three factors. It is designed to be an equitable and feasible tool to act as a surrogate when direct charging or cost causal relationships can not be established. It is a calculated ratio, which compares each of the formula factors for the Client Company to the total of the same factors for all recipient Client Companies. The factors are an equal weighting of Revenue, Assets, and Expenses. These ratios will be calculated annually based on actual experience.