

Rimbeys Shares from ConocoPhillips pursuant to the Letter Purchase Agreement and amending agreement or (b) the acquisition by KEFL of the Rimbeys Shares (or its proportionate share thereof, if other shareholders also exercise their Rights of First Refusal) as a result of the exercise by KEFL, as a current Rimbeys Co. shareholder, of its Right of First Refusal to purchase the Rimbeys Shares in preference to their sale by ConocoPhillips to KECP. Authorization is sought in the alternative because, while the parties currently contemplate that KECP will acquire the Rimbeys Shares as set forth in the Letter Purchase Agreement, KECP and KEFL may determine that it is appropriate for KEFL to acquire the shares by exercise of its Right of First Refusal either to consolidate shareholdings in Rimbeys Co. in one entity or to protect against the acquisition of all of the Rimbeys Shares by other Rimbeys Co. shareholders (by virtue of the exercise of their Rights of First Refusal).

As noted above, the parties have agreed that the cash value of the Rimbeys Shares is \$2.25 million Canadian. At the generally prevailing exchange rate of approximately \$0.69, that equates to a value of approximately \$1.55 million in U.S. dollars. After consummation of the transaction, and assuming that no other Rights of First Refusal are exercised, KEFL and/or KECP together would own a total of 22,913 shares (or 45.8% of issued and outstanding shares) in Rimbeys Co., an increase of 2,610 shares (or 5.2%) over KEFL's existing ownership share of Rimbeys Co.

KeySpan Corporation, et. al. (70-10136)

KeySpan Corporation ("KeySpan"), KeySpan Energy Corporation ("KeySpan Energy"), KeySpan Services, Inc. ("KSI"), KeySpan Business Solutions, Inc. ("KeySpan Business Solutions") and Paulus, Sokolowski and Sartor LLC ("PS&S") (collectively, the "Applicants"), each at 201 Old Country Road, Suite 300, Melville, New York, 11747 have filed a declaration with the Commission under sections 9(a) and 10 of the Act and rule 54 under the Act.

KeySpan is a registered holding company under the Act.⁶ KeySpan Energy is a direct wholly-owned subsidiary of KeySpan. KSI is a direct, wholly-owned nonutility subsidiary of

KeySpan Energy. KeySpan Business Solutions is a direct wholly-owned subsidiary of KSI. PS&S is a direct, wholly-owned nonutility subsidiary of KeySpan Business Solutions. PS&S proposes to acquire all of the issued and outstanding stock of Bard, Roa + Athanas Consulting Engineers, Inc. ("BR+A"), an unaffiliated Massachusetts corporation (the "Transaction").

By order dated April 24, 2003, the Commission released jurisdiction over the retention by KSI of certain nonutility subsidiaries.⁷ These subsidiaries engage in energy-related activities that have been found retainable under rule 58 of the Act or Commission precedent. In the KeySpan Order, the Commission authorized KSI, over the next five years, either on a stand alone basis or through other methods, to increase the percentage of energy-related revenues of PS&S so that its revenues are substantially energy-related as defined by Commission rule and/or precedent.

Applicants submit that the purpose of the Transaction is to increase the percentage of energy-related revenues of PS&S and its subsidiaries, consistent with the KeySpan Order. Applicants represent that, based on historical data, subsequent to the Transaction, the percentage of energy-related engineering revenues for KSI subsidiaries would be increased from 65% to approximately 81% of total business revenues. In addition, the Applicants state that consummation of the Transaction will produce tangible benefits to the public, investors and consumers by adding to the KeySpan system's ability to compete with exempt holding company systems in the electric and/or gas utility industry, as well as nonutility companies engaged in similar lines of energy-related businesses, and enhance the ability of PS&S to obtain new clients in the energy sector within KeySpan's existing geographic footprint.

KSI is the holding company of KeySpan's interests in a number of nonutility, "energy-related" companies as such term is defined in rule 58(b)(1) of the Act or pursuant to Commission precedent. PS&S is one such energy-related subsidiary company engaged in the business of engineering and consulting services relating to the design and permitting of energy management systems, office environments and equipment installations and modifications. PS&S' clients consist primarily of large industrial customers such as utilities,

corporate offices, hotels, laboratories, warehouses, pharmaceutical companies, hospitals, universities and power plants primarily located in New York, Pennsylvania and New Jersey. PS&S also serves as a general environmental and engineering consultant to major utility companies in New Jersey.

Applicants indicate that BR+A is an unaffiliated Massachusetts corporation in the business of providing engineering services primarily related to the: (1) Mechanical, electrical and plumbing components of heating, ventilating and air conditioning systems; (2) design, construction, installation, maintenance and service of new and retrofit heating, ventilating, and air conditioning, electrical and power systems, motors, pumps, lighting, water, and plumbing systems for non-associated industrial and commercial customers; and (3) sale, installation and servicing of electric and gas appliances. BR+A's principal office and operating location is in Boston, Massachusetts and the majority of its clients are based in the Northeast. BR+A also maintains sales and field support offices in New York, Philadelphia, Baltimore, Chicago and Los Angeles.

PS&S intends to acquire all of the issued and outstanding shares of BR+A common stock from its ten individual shareholders who collectively own 100% of BR+A. The acquisition of BR+A will be undertaken pursuant to the terms of a stock purchase agreement (the "Agreement"). Pursuant to the Agreement, BR+A will be purchased for: (1) \$32 million in cash, with an additional \$3 million to be deposited into an escrow account and held for adjustment based on a subsequent determination of whether BR+A has met certain financial criteria at the time of closing, and (2) payment of up to \$14.7 million in contingent consideration, subject to BR+A's performance in meeting certain target levels of net operating earnings (excluding interest income) before payment of interest and income taxes, depreciation and amortization for the years 2003 to 2008. Subsequent to the consummation of the acquisition, BR+A will become a direct, wholly-owned subsidiary of PS&S and will be converted to a limited liability company.

PS&S will obtain the funds necessary to complete the Transaction from two sources. Thirty-five percent of the purchase price will be obtained from a loan from KeySpan to KSI to KeySpan Business Solutions to PS&S. The loan will have a maturity equal to the estimated useful life-span of the long-lived assets acquired in the Transaction. The interest rate on the loan will match the interest rate being paid by KeySpan

⁶ KeySpan, a New York corporation, was formed in May 1998 as a result of the business combination of KeySpan Energy Corporation, the parent of Brooklyn Union Gas Company, and certain businesses of the Long Island Lighting Company. KeySpan owns six natural gas public utility companies, one electric public utility company and various other non-utility companies.

⁷ See *KeySpan Corporation, et al.*, Holding Company Act Rel. No. 27670 (April 24, 2003) ("KeySpan Order").