

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 08-048

ORDER OF NOTICE

On March 31, 2008, Unitil Corporation (Unitil) and Northern Utilities, Inc. (Northern) (together, Joint Petitioners) filed with the New Hampshire Public Utilities Commission (Commission) a joint petition for approval, pursuant to RSA 374:33 and RSA 369:8, II(b), of Unitil's acquisition of Northern by way of Unitil's purchase of all the common stock of Northern. The Joint Petitioners request that the Commission issue an order authorizing the proposed transaction no later than 180 days after the filing, or by October 1, 2008.

Unitil's principal business is the retail distribution of electricity through its subsidiary, Unitil Energy Systems, Inc. in the seacoast and capital regions of New Hampshire and electricity and natural gas through its subsidiary, Fitchburg Gas and Electric Light Company in the greater Fitchburg area of Massachusetts. Northern provides natural gas distribution services to customers in 44 New Hampshire and southern Maine communities, from Atkinson, New Hampshire, in the south, to Lewiston-Auburn, Maine, in the north. Northern's immediate parent is Bay State Gas Company (Bay State). Nisource, Inc. (NiSource) owns all the common stock of Bay State and Granite State Gas Transmission, Inc. (Granite). Granite owns and operates an interstate pipeline serving Maine, New Hampshire and Massachusetts, including Northern's distribution system in Maine and New Hampshire.

According to the petition, Bay State will sell its shares of Northern, and NiSource will sell its shares of Granite, to Unitil for an aggregate purchase price of \$160 million, plus a net working capital adjustment, with the purchase to be financed by newly issued Unitil common

stock and debt securities issued by Northern. The petition states that for the debt portion of the financing, Northern will be seeking authority, in a separate petition to be filed during the course of this proceeding pursuant to RSA 369:1, 369:2 and 369:4, to issue to institutional investors unsecured, long term notes in an aggregate amount up to \$90 million. According to the Joint Petitioners, this portion of the financing is necessary to refinance and replace the NiSource inter-company debt formerly included in Northern's capital structure, which will be redeemed and paid off in full prior to completion of the proposed transaction so that Northern can be transferred to Unitil debt-free.

In connection with the proposed transaction, the Joint Petitioners seek approval to defer and amortize the transaction costs and the transition costs associated with the acquisition of Northern by Unitil over 10 years, although Unitil commits that it will not seek recovery in rates from New Hampshire ratepayers of such costs. The Joint Petitioners also submitted a proposed amended and restated cash pooling and loan agreement and a proposed service agreement between Unitil Service Corp. and Northern for investigation and review pursuant to RSA 366:5.

The filing raises, inter alia, issues related to whether the proposed transaction will have an adverse effect on rates, terms, service or operations of Northern and/or Unitil Energy Systems, Inc. and whether the proposed transaction is lawful, proper and in the public interest. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on May 14, 2008 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin.

Rule Puc 203.15 shall be considered. Parties should also be prepared to discuss the possible consolidated or coordinated resolution of other matters involving Northern, such as, for example, the operating and maintenance agreement between Northern and Granite regarding measurement and pressure regulation facilities (DA 07-026), the purchase and sale agreement between Northern and Granite regarding pressure regulation facilities (DA 08-058), and the question of whether Granite's New Hampshire facilities should be corporately merged into Northern to operate as one state-regulated entity or alternatively whether it is appropriate to request a Henshaw exemption from the Federal Regulatory Commission; and it is

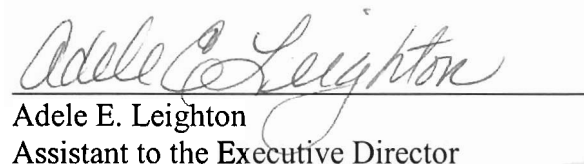
FURTHER ORDERED, that, immediately following the Prehearing Conference, the Joint Petitioners, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow the Joint Petitioners to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, the Joint Petitioners shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than April 30, 2008, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before May 14, 2008; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to the Joint Petitioners and the Office of the Consumer Advocate on or before May 9, 2008, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before May 14, 2008.

By order of the Public Utilities Commission of New Hampshire this twenty-fourth day of April, 2008.



Adele E. Leighton
Assistant to the Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.