

NORTHERN UTILITIES, INC.

DG 09-239

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 NU# 4
 FROM FILE

DATA REQUESTS FROM COMMISSION STAFF - SET #1 -

PETITION TO ISSUE SECURITIES

Date Request Received: 12/3/09

Date of Response: 12/8/09

Request No. Staff 1-2

Witness: David Chong

Request:

Reference Chong testimony, page 6 of 12. The chart on that page states that \$24,630,000 of the funds will be used to repay short-term debt. Please identify the capital projects financed through the short-term debt which is to be refinanced.

Response:

The capital necessary to finance capital expenditures is derived primarily from internally-generated funds, which consist of cash flows from operating activities. As needed, Northern supplements internally-generated funds through short-term borrowings. Periodically, Northern replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets.

Unitil acquired Northern on December 1, 2008. Northern was initially capitalized with \$80.0 million of long-term debt and \$65.7 million of equity. In addition, Northern had \$8.4 million of short-term debt as of December 31, 2008. This short-term debt is largely related to the financing of the acquisition and potentially includes Northern's historical capital expenditures under Nisource, working capital and other items assumed on the acquisition date. Northern had incurred approximately \$77 million of capital expenditures under Nisource since its last long-term financing (from the period July 1, 2003 to November 30, 2008).

Furthermore, since Northern was acquired on December 1, 2008, Northern has spent \$20.6 million of capital expenditures. See Staff 1-2 Attachment 1, page 1 of 1 for a listing of capital projects.

The net proceeds, \$19.63 million, of the proposed Bond offering and the proceeds of the \$5 million concurrent equity contribution will be used to refinance the total \$24.63 million in short-term debt.

Unitil
CAPITAL EXPENDITURES REPORT
 December 2008 - November 2009
 (\$ 000's)

Northern-Maine Gas:

Mains Extensions
 Distribution Projects Other
 Distribution System Improvements
 Customer Additions
 Annual Requirements Other
 Other

Total NU-ME Gas T&D

Northern-NH Gas:

Mains Extensions
 Distribution Projects Other
 Distribution System Improvements
 Customer Additions
 Annual Requirements Other
 Other

Total NU-NH Gas T&D

Total Northern Gas:

Actual
\$ 589
8,097
1,193
2,305
672
426
13,282
136
3,601
634
1,661
954
382
7,367
\$ 20,649