

SECTION 1: EXECUTIVE SUMMARY

In the September Transition Plan Report, Unitil provided details regarding the two major components of Unitil's Transition Plan to complete the integration of Northern Utilities, Inc. ("Northern") and Granite State Gas Transmission, Inc. ("Granite") into the Unitil system of companies. The first component is the Transition Services Agreement ("TSA") between Unitil and NiSource and its affiliates, including Bay State Gas Company ("Bay State"). The TSA is an integral component of the Transition Plan because it will provide for the smooth transition of Northern and Granite to Unitil by ensuring that there is no interruption or diminution to the quality of service to customers as Northern and Granite are fully integrated into Unitil. The second component is the Go-Live plans prepared as part of the overall Business Integration Plan ("BIP"), which is being coordinated between Unitil and NiSource to bring together all of Northern's and Granite's operations within the business processes of Unitil. The September Transition Plan Report also included a discussion of the transition services and integration budgets including actual expenditures through August 31, 2008.

This October Transition Plan Report presents Unitil's efforts to complete the regulatory approval process and bring the transition and integration of Northern and Granite into its final documentation, planning and testing stages. The report also provides an update on the status of the TSA and Go-Live planning and activities as well as an overview of customer and employee communications.

As of October 15, 2008, the status of the regulatory approvals follows:

- On October 6, 2008, the Maine Public Utilities Commission announced its approval of the acquisition at its deliberative session. As of October 15, Unitil is awaiting the final order.
- On October 10, 2008, the New Hampshire Public Utilities Commission issued its final order approving the acquisition.

- As of October 15, 2008, the Massachusetts regulatory process is in the final stages of briefing. Unitil is seeking a final order from the Massachusetts Department of Public Utilities approving the acquisition by November 3, 2008.

Both the New Hampshire Public Utilities Commission and the Maine Public Utilities Commission have also approved long term debt financing associated with the acquisition. Pending the timely receipt of all necessary regulatory approvals, Unitil and NiSource have agreed to target a formal closing of the transaction for Monday, December 1, 2008, resulting in a month-end close.

From Unitil's and NiSource's perspective, a month-end transaction close date and cutover has several advantages including a more efficient cutover of customer and business support functions as well as a clear demarcation for employee payroll and benefits administration. Another significant advantage of the month-end cutover is the transition of financial reporting and cash management responsibilities - NiSource "closes the books" as of month-end and Unitil assumes financial reporting responsibilities as of the beginning of the month. As a result, a month-end close and cutover is preferable to a mid-month close and cutover if it can be accommodated by the state regulatory approval timeline. Unitil will work with NiSource to reassess the closing and cutover dates should the regulatory approvals (including expiration of the respective appeal periods) extend beyond mid-November.

The services to be provided by NiSource through the TSA will be defined by the end of October and a working draft agreement will be completed by the first week of November. In addition, the team leaders are documenting and testing their Go-Live plans with a particular emphasis on the tasks required for the days before the closing and the days and weeks after the closing.

This October Transition Plan Report includes a description of updates to the Go-Live plans as well as a summary of transition costs and integration expenditures. With respect to

transition costs and integration expenditures, actual amounts continue to remain within budget. Overall, the Go-Live plans continue to be streamlined and fine-tuned, primarily driven by the decision to move the transaction close date to the end of the November fiscal month.

The documentation, development and testing of the processes relied upon to produce work order scheduling, gas operations and maintenance management reports and emergency response is proceeding on schedule. Also, the ability for Unitil to independently provide public and management financial reports, and to provide back office services to Northern's and Granite's gas company functions, is currently a major focus of the integration and cutover testing and execution effort. These back office support processes and systems include: general ledger accounting, construction accounting, plant accounting, payroll, accounts payable and cash. The development of most of these systems is in the final stages of completion and Unitil has begun testing the operation and cutover of these support processes from NiSource and Bay State. Unitil anticipates that the majority of these processes and systems will cutover on and around the transaction closing date and therefore will require only limited transition services from NiSource and Bay State.

Each of the back office support functions is in the final stages of updating their cutover schedules and these schedules are being consolidated into a "Weekly / Daily Milestones" master schedule included in Appendix E. The master schedule displays the events that will take place each day during the period leading up to the targeted closing date, Monday, December 1, 2008, and for each day in the weeks and months following the closing. In the November 15, 2008 Transition Plan Report, the Weekly / Daily Milestone schedule will be fully populated according to the executable cutover schedules of each of the Functional Integration Teams ("FITs").

Although most of Northern's and Granite's gas operations functions will be assumed by Unitil on the day of closing with limited transition service support from NiSource and Bay

State, there are two major functions that are anticipated to cutover in the months after the closing and those functions will immediately receive transition services from NiSource and Bay State following the closing: 1) customer services and call center operations (currently scheduled for the first quarter of 2009) and, 2) the gas dispatching function (currently scheduled for the second quarter of 2009). As discussed previously, these functions will not cutover until personnel have been trained and the systems that support these functions have been tested and implemented. Initial testing of the information systems that will support customer services and call center operations has begun and the schedule of the transition of the customer services function from NiSource and Bay State by the end of the first quarter 2009 is achievable. The gas dispatch transition services will continue until Until is prepared to perform this function independently.

This October Transition Plan Report also includes discussions of two areas that Until believes are of particular interest to the Commissions: 1) Customer Communications Plan (Section 3C) and, 2) Employee Communications (Section 3D). Customer communications is the subject of a comprehensive plan that will begin before the transaction closes and continue for a period after the cutover of Until's customer information system and beyond. The discussion of employee communications summarizes the efforts that have taken place to communicate with the Northern and Granite employees who will join Until and focuses on employee benefits and the 2009 open enrollment process.

The November 15, 2008 Transition Plan Report will provide the Maine and New Hampshire Commissions with the final pre-closing update, as of two weeks before closing, of the specific executable tasks and milestones to accomplish the transition of Northern and Granite. Until will continue to provide monthly Transition Plan Reports until the entire transition is completed in 2009.

SECTION 2: TRANSITION SERVICES – UPDATE

A) Transition Services – Activity and Expenditures

As noted in the September 15 Transition Plan Report, there are two categories of Transition Costs. Unitil has agreed that it will not seek recovery in rates of either category of these Transition Costs.

The first category of costs (the “TSA Costs”) is the expenditures Unitil will pay to NiSource and its affiliates under the Transition Services Agreement. As of October 15, 2008, Unitil has not incurred any TSA Costs.

The second category of costs is all of the other non-recurring expenditures (“Other Transition Costs”) necessary to complete the transition. These Other Transition Costs include non-recurring consulting fees, temporary help and labor costs and all other miscellaneous costs related to the transition. Unitil has already incurred certain Other Transition Costs, for which Unitil will not seek cost recovery in rates. As of September 30, 2008, the Other Transition Costs incurred to date include:

<u>Other Transition Costs:</u>	<u>Amount</u>
Consulting and Professional Fees	\$292,000
Temporary Help and Labor	464,000
Other Miscellaneous Costs	<u>42,000</u>
Total	<u>\$798,000</u>

SECTION 3: BUSINESS INTEGRATION PLAN – UPDATE

A) Cutover Approach

1. Discussion of Cutover Alternatives

In the September Transition Plan Report, Unitil presented a description of the Go-Live planning that had been developed by the Functional Integration Teams (“FITs”) as of that date. The Go-Live component of the BIP for Unitil’s acquisition of Northern and Granite presents the steps necessary for the cutover of business processes, functions, data and systems from NiSource and Bay State to Unitil. Unitil also presented a selected list of important Go-Live activities for many of the teams and attached a complete copy of the Customer Service Go-Live plan. The September Transition Plan Report included the identification of transition services that will be required for many of the FITs based on the anticipated phased-in cutover of major business functions. Finally, the September Transition Plan Report included three appendices that are also included in this report for convenience: Appendix A (TSA), Appendix B (Draft TSA Annexes describing the services to be provided, and Appendix C (a detailed list of transition services).

When the September Transition Plan Report was prepared, many of the Go-Live plans called for Unitil to assume responsibility when the transaction closed for several corporate and financial functions which are supported by Unitil systems that are being enhanced to accommodate Northern and Granite transactions. The development and testing of systems relied upon to produce public and management financial reports, and to provide back office services to many gas company functions, is currently the primary focus of the integration effort. These systems include general ledger accounting, construction accounting, plant accounting, payroll, accounts payable and cash. Most of these systems are in the final stages of completion and have begun to be tested. As discussed in Section 3.A.2, Unitil will test and validate all financial systems before the systems are cutover and

implemented in production. The final development and testing of the financial systems is the primary focus of the integration effort at this time.

There are two functions that are anticipated to cutover in the months after the closing: 1) customer service (currently scheduled for the first quarter of 2009) and, 2) the dispatching function (currently scheduled for the second quarter of 2009). As discussed previously, these functions will not cutover until personnel have been trained and the systems that support these functions have been tested and implemented.

Over the past few weeks, Unitil, after discussions with NiSource, has determined that it would be preferable to close the transaction at a month-end and also cutover the financial and operational systems at the same time. From Unitil's and NiSource's perspective, a month-end transaction close date and cutover has several advantages including a more efficient cutover of customer and business support functions as well as a clear demarcation for employee payroll and benefits administration. Another significant advantage of the month-end cutover is the transition of financial reporting and cash management responsibilities - NiSource "closes the books" as of month-end and Unitil assumes financial reporting responsibilities as of the beginning of the month. As a result, a month-end close and cutover is preferable to a mid-month close and cutover if it can be accommodated by the state regulatory approval timeline. A draft of the Weekly / Daily Milestones schedule is attached at Appendix E.

As noted in the executive summary, the transaction closing date depends on the timing of state regulatory approvals by the Maine, New Hampshire and Massachusetts regulatory commissions, including the respective time periods for appeals. Unitil's current expectation is that all approvals and subsequent appeal period expirations will occur in mid-November and the transaction will close at the end of November. If the regulatory approval process extends beyond November 30, Unitil and NiSource will establish a revised transaction close and cutover date based on the facts and circumstances.

2. Testing Plans

As noted in the September Transition Plan Report, functional cutovers for the FITs will not begin until all processes, data, and systems have been thoroughly tested by the functional integration teams. In addition, functional cutovers will not occur until agreement is reached between Unitil and NiSource and Bay State indicating specifically when NiSource will stop performing a particular function or process because Unitil is prepared to assume these responsibilities. The execution of Go-Live cutover procedures shall only occur after these processes and systems have been successfully tested. Unitil's Internal Audit group will attest to the validity, accuracy and completeness of the integration test procedures and Unitil's external auditors will perform selected tests of the procedures as well.

The test plans prepared by the FIT leaders are designed to test the relevant functionality for the systems that have been modified as well as all functionality for newly developed systems. In addition, systems that will be the recipient of historical information will also be tested to: 1) verify that the historical information can be imported and, 2) validate or reconcile the historical information imported.

Unitil's testing approach is applicable to both financial and operational systems. The test steps performed are based on the purpose and function of each system. Unitil's financial and financial-related systems (such as general ledger accounting, construction accounting, plant accounting, payroll, accounts payable and cash), which provide information necessary to prepare Unitil's financial reports for various regulatory agencies and noteholders, are subject to a testing approach that ensures amounts reported in the financial statements are complete and accurate. Unitil's operational systems are tested to ensure that the system's functionality has been validated and that the system's performance and reporting meets Unitil's expectations and requirements. Unitil will provide an update on the status of the testing efforts in the November Transition Plan Report.

B) Go-Live Plan

The September Transition Plan Report provided an overview of Unitil's Go-Live plans and identified certain functions for which transition services are currently anticipated. These plans continue to be worked on by the teams as they coordinate with their NiSource / Bay State counterparts and add details to their plans. The Go-Live plans are tied to two key dates: 1) the transaction closing and cutover date and, 2) the Customer Services Go-Live date. If these dates change, affected teams will shift their Go-Live schedules accordingly.

This report provides a brief update of any significant changes to the Go-Live plans that have occurred since the September Transition Plan Report and is organized using the same grouping of teams identified in that report.

- (1) Customer Services: billing, collection, and call center functions to be transitioned after Unitil's CIS system is tested and populated with Northern customer data.

Customer Services are supported by Unitil's CIS, a system that is undergoing enhancements and testing to accommodate Northern's customer transactions. The Customer Services Go-Live date will occur at the beginning of a month and is subject to continual assessment based on the status of data conversion and testing results. Unitil and NiSource are currently working toward a cutover in the first quarter of 2009. The Customer Services cutover will be extended for a month at a time, if necessary, until all CIS updates and processes are completed and successfully tested. There have been no significant changes to the Go-Live plans in this area.

- (2) Accounting and Finance: functions to be transitioned at the closing in order for Unitil to produce a beginning balance sheet and enter post-closing transactions into general ledger accounts.

The test plans for the financial systems underlying the Accounting and Finance teams are being prepared and executed by the respective teams. The Accounting and Finance teams are also updating their respective Go-Live plans based on a month-end

transaction close and cutover. Otherwise, the Go-Live plans for the Accounting and Finance teams have not changed significantly since the September Transition Plan Report.

- (3) Corporate Communications: communications to customers leading up to and following the closing of the transaction.

The customer communications that will be taking place are described in more detail in Section 3.C below. The Corporate Communications Go-Live plan has not changed significantly over the past month, although several Go-Live activities have been completed over the past month. These completed tasks address preparations for new signage, the development of a process for implementation and reporting of Pipeline Integrity Management Programs and compliance with the reporting requirements of RP1162. Significant progress on necessary updates to the Unitil website has also been made over the past month.

- (4) Distribution Field Operations: the dispatching of field crews beginning with the closing in response to customer inquiries and system operations issues, including responding to gas leaks.

There have been minor adjustments to training dates for these teams as team leaders would prefer to conduct the training as close to the cutover of supporting systems as possible. These teams have also been developing contingency plans that can be implemented if the 24/7 dispatch center and the mobile data terminals, which are currently scheduled to be available on the transaction closing date, are not available at that time. As part of these contingency plans, Unitil would acquire emergency dispatch transition services from Bay State. Further, dispatch of field personnel depends on customer work orders that are generated by the CIS. For the period between the transaction closing and the cutover of Unitil's CIS, Unitil will require reports from the NiSource's CIS to schedule daily activity and will also need to report back to the CIS at the end of each day regarding work that has been completed. Unitil and NiSource have met to begin working out the details of this interim process.

- (5) Gas Supply and Gas Control: contracting for supplies, measuring, dispatching and controlling the flow of natural gas - functions that will transition in phases as systems are ready.

The Gas Supply team has refined their Go-Live plan to focus more narrowly on cutover activities. The development and successful testing of Unitil's new GTRAC system, which will manage both on-system and off-system data management and processing requirements, is critical to Gas Supply's ability to complete many elements of its Go-Live plan. Gas Supply is currently planning on taking transition services through the end of the year.

The Gas Dispatch team's Go-Live plan continues to reflect a three-phased transition with Unitil monitoring and Bay State controlling (Phase 1: through January 2009), Unitil controlling and Bay State monitoring (Phase 2: through April 2009), Unitil controlling and monitoring (Phase 3: beginning May 2009). Unitil will be acquiring transition services during Phase 1 and 2.

- (6) Engineering and Operations Management: maintenance and operation of the distribution network, including related planning and reporting functions that will transition at or shortly after the closing.

The Go-Live plans for Engineering and Operations Management include actions required to ensure that Unitil is prepared to provide these functions and these team are not expected to need transition services support. The teams are not particularly dependent on the transaction closing date, although GIS data will need to be made available to service personnel through their mobile data terminals. The Engineering Regulatory Reporting team may need to take transition services through the end of the year to ensure that Unitil is able to meet its reporting requirements immediately after the transaction closes.

As discussed in the September Transition Plan Report, the Damage Prevention team's Go-Live plan is more involved and requires a precise cutover between the entering of Dig Safe tickets between the NiSource system (IRTH Net) and the Unitil system (Dig Track).

This cutover will occur at the transaction closing date. There have been no significant changes to the Go-Live plans in this area.

- (7) Transmission System Management and Operations: transition of the responsibility to operate Granite from NiSource to Unitil.

The Gas Transmission Operations Go-Live plan is similar to the Go-Live plans for many of the distribution functions as Unitil must be prepared to maintain and operate the pipeline, respond to emergencies, and report compliance with applicable rules and regulations. Service crews will be equipped with mobile data terminals that provide access to the same Unitil systems and communicate using the same technologies as planned to support distribution operations functions. These plans have not changed significantly since the September Transition Plan Report was submitted. The Gas Transmission Management Go-Live plan has not changed since the prior report.

- (8) Corporate: numerous corporate responsibilities including payroll, human resources and benefits, legal, regulatory, and corporate governance must be assumed by Unitil at the closing.

The Regulatory Go-Live plan now reflects the need for transition services for an additional month or until the end of the year. The Regulatory team will work closely with NiSource throughout the transition to ensure that Northern and Granite continue to meet the numerous scheduled filing and reporting obligations that will occur in the months following the transaction closing.

The Corporate Governance team will act at the closing to establish new Boards of Directors for Northern and Granite to facilitate certain standard activities including establishment of bank accounts for these entities. The Corporate Governance Go-Live plan now reflects a more defined timeline, which is concentrated around the transaction closing date.

- (9) Infrastructure: Administration of new fleet vehicles, modifications to buildings, installation of telecommunications and network equipment, and equipping new employees.

The infrastructure teams are responsible for transferring the facilities that are being acquired (located in Portsmouth and Portland) as well as relocating employees among offices, providing network and telecommunications systems, and assuming ownership of Northern's vehicle fleet. Unitil will begin transfer of the facilities after the transaction closes and Unitil owns the properties. These plans have not changed significantly since the September Transition Plan Report.

C) Customer Communications Plan

Unitil is planning an extensive customer communications program that is designed to assure that all appropriate customer communication procedures have been planned and implemented to support a seamless and effective transition of Northern's customers to Unitil.

The Customer Communications plan will meet the following specific set of objectives:

- (1) Northern and Unitil employees, customers and communities are reasonably informed about the transaction, what to expect from Unitil and how to communicate with Unitil.
- (2) Northern customers have been provided detailed information regarding the changes occurring as a result of the transaction, specifically all customer contact information including emergency and non-emergency telephone numbers, mailing addresses and web access information.
- (3) All signs, stickers or materials with incorrect information are identified and replaced within a reasonable period of time.
- (4) Procedures are in place for re-directing misplaced calls made by customers before and after the transaction.

Significant progress has been made over the past two months and the key elements of the Customer Communications Plan are ready for implementation. The plan includes communication through bill inserts prior to the transaction close followed by an extensive notification process.

The Customer Communications Plan reflects the fact that customer service functions will continue to be provided by NiSource until such time as the CIS and all customer service functions (e.g., billing and collection and call center functions) are cutover to Unitil. Customer impacts during this period should be minimal and new Northern phone numbers will be active and extensively promoted. Prior to the expected cutover to Unitil's CIS in the first quarter of 2009, additional notifications including information about new bill payment

options and other features of the Unitil Interactive Voice Response (“IVR”), billing and online systems will begin.

These customer communications will deliver a consistent set of messages about Unitil, the integration and transition processes, and how to communicate with Unitil regarding any aspect of customer service. These messages are as follows:

- (1) Unitil is a gas and electric distribution company headquartered in Hampton, NH. After the completion of the transaction, Unitil will be operating gas distribution systems in Massachusetts, New Hampshire and Maine and electric distribution systems in Massachusetts and New Hampshire.
- (2) The employees of Northern are being retained in the transaction and the products, services, rates and operations for natural gas customers in New Hampshire and Maine will be unchanged as a result of the transaction.
- (3) Safety is our number one priority – in the event of any emergency involving gas service, including someone smelling gas, they should call immediately: 866-900-4115 in NH and 866-900-4460 in ME.
- (4) For all other customer questions, including rates, credit, billing, metering, energy efficiency, products and services, requests for service appointments and all other customer service matters, customers should call: 866-933-3820 in NH, and 866-933-3821 in ME. Prior to the effective date of the CIS cut-over, the above calls will be routed to the appropriate NiSource personnel. As of the effective date, these calls will be routed to Unitil’s call center.
- (5) Unitil’s call center includes an IVR system that provides automated, 24-hour customer services. The same services and a broad array of information is also available online at www.unitil.com.

The Go Live Plan for customer communications is included on the following table:

Customer Communications - Action Plan

Action	Deadline*	Status	Outcome
PRELIMINARY MATTERS			
Determine name	July 1	Complete	Naming convention adopted – guideline prepared.
Determine whether new toll free phone numbers are required – acquire if needed.	July 1	Complete	New emergency and non-emergency #'s are required and they are secured and assigned.
CUSTOMER MATERIALS			
Preliminary announcement to Northern customers	August	Complete	Bill inserts sent with August billing.
New Telephone numbers changed on Customer Bills	December 1	Planned	NiSource will change customer contact numbers on all customer bills. Numbers will point to the appropriate NiSource queues until the CIS cutover.
Targeted e-mail to Northern's web Direct-Link customers.	December and January	Planned	Unitil will draft the text for an e-mail to be sent by NiSource to all Direct-Link customers with information regarding necessary changes due to the transition.
October 2008 "Gas Lines" newsletter	November	Planned / Printed	NiSource and Unitil will publish newsletter/ insert for Northern customers providing key information about the transition.
Transition Bill Messages	November/ December	Planned	Bill messages to Northern customers in, November and December will include key required transition information.
Communications to third party marketers.	December	Planned	Notice to all suppliers regarding the CIS down period (estimated 4 days) and appropriate cut-off period for them to make customer changes in the automated web system.
Special notice (via web, IVR and other systems) regarding CIS transition period	December 31	Planned	Notices will be posted regarding the CIS transition period of December 31 to January 5. Notice will inform customers that posting of payments or account changes will be postponed until after January 5.
Unitil customer newsletter	December and January	Planned	Bill insert to all Northern customers in December and again in January highlighting all information they will need.
2009 Quarterly Unitil customer newsletter	Jan/ Apr/ Jul/ Oct	Planned	Newsletter specifically for NH and ME gas customers

	2009		
Bill Messages	Monthly 2009	Planned	Regulatory, rates, safety, and other gas-related messages monthly as needed in the form of bill messages
SIGNAGE			
Change company signs	Late Nov	Planned	New signage will be installed.
Change truck decals	Late Nov	Planned	Truck decals will be replaced.
Change-out all other markers & signage in field	Begin December	Planned	All other markers will be replaced – this will be completed across the system after the construction season, when staff is available.
GENERAL INFORMATION			
Yellow/white pages updates	Begin Jul 1	In Process	Dates vary – complete update will take a full year.
Change letterheads / logos	Begin at Closing	Planned	
Change out collateral materials	Begin at Closing	Planned	Change out all collateral materials (written or other items) where telephone numbers, name, logo, website, etc., are indicated.
Public School literature fulfillment program	Begin at Closing	Planned	Teachers in service territory communities will be sent letters and offered free educational materials.
SAFETY			
Media campaign	Jan 2009	Planned	Regular radio spots and newspaper ads on gas safety will commence.
Municipal emergency responders	Begin after all regulatory approvals	Planned	Direct mail with information including direct phone lines will be sent.
Municipal emergency responders meetings	January	Planned	January meetings will be scheduled to review emergency procedures.
MEDIA and GENERAL			
Media advertising	Begin December 1	Planned	Plan will include multiple ads in key media designed to reinforce messages included in customer bills.
Press Releases	Began Feb 19. Continue as needed.	Ongoing	Press releases will be issued as needed regarding the proposed transaction and associated proceedings. Releases are anticipated for receipt of regulatory approvals (~Oct 1) and for closing of the transaction (~Nov 1).
Stakeholder email updates	Began Feb 19. As needed	Ongoing	Email updates will be sent to key state and community leaders leading up to the transaction – approximately once per

			month.
OTHER			
Web Notification	October/ November	Planned	NiSource will post appropriate notices on the Northern website regarding the transaction.
Web Transition	January 5	Planned	Effective with the CIS cutover, the Northern website will be redirected to www.unitil.com , and the expanded Unitil web site (with two new environments - ME Gas / NH Gas - as well as all functionality) will go live.
IVR Notification	November/ December	Planned	NiSource will post appropriate notices on their IVR regarding the transaction
IVR Transition	January 5	Planned	Unitil IVR with updated scripting and two new environments to accommodate NH and ME gas customers will go live.
Workforce Management & Training	Begin June 16.	Ongoing	Have hired 10 CS trainees to fill 8 permanent positions (an anticipated 20% attrition rate). Dedicated comprehensive training began on 6/16 and will continue until implementation. This also includes training existing Unitil employees on Northern information and procedures.
Implement procedures for handling misdirected calls	November/ December	Planned	Provide written procedures and phone numbers to all Unitil and NiSource CS personnel regarding the handling of mis-directed calls, and set-up process for ongoing review and resolution by Unitil and NiSource management.
INTERNAL COMMUNICATIONS			
Update Northern employees	Begin Feb 19. Continue as needed.	Ongoing	Update Northern employees on the status of the transaction and transition via regular all-employee meetings, circulation of Tuesday's News (Unitil's bi-weekly employee newsletter), and in the context of transition team interactions.

* - The schedule is premised on regulatory approval by early October and a timetable for closing on the transaction in mid to late November with a planned cut-over of customer service systems at the beginning of January. The schedule will be modified to accommodate changes in any of these dates.

D) Employee Communications

As a result of this transaction, approximately 80 Northern and Granite employees will become employees of Unitil. Although they are not yet Unitil employees, Unitil has been communicating with them over the past several months through several meetings, by involving them extensively in the integration process, and by adding them to the distribution list for Unitil's company newsletter, "Tuesday's News". Tuesday's News includes articles that update all employees on the transition process.

With respect to the integration process, there is considerable engagement between our managers and the Northern and Granite employees that they will be working with. In some cases, our key managers know every person that will be working in their areas. Certain Northern and Granite employees have participated in the design of new systems, including the mobile data terminals that they will be using in the field.

These meetings began with visits to the Portsmouth and Portland offices by Unitil's CEO and other senior officers on March 17 to review the proposed transaction and to introduce themselves and Unitil. As in all subsequent meetings, questions and comments were welcomed either during or subsequent to the meetings. One of the areas of most interest to employees is the benefits plan.

Unitil conducted a focus group with selected employees on May 7. This meeting was an informal effort designed to gather employee feedback on the acquisition and identify concerns that should be addressed by Unitil in subsequent employee meetings and other communications.

Members of Unitil's executive team made a second round of visits to Portsmouth and Portland on May 12 and 13 to provide an update on the transition process. The next meetings were held on July 22 in Portsmouth and Portland where two Unitil executives, George Long and George Gantz, provided more detailed information on Unitil's benefits program and provided a status report on the transition process.

Most recently, on September 15 and 16, Unitil hosted the Northern and Granite employees, including non-union employees, at Unitil's headquarters in Hampton for a tour of the facility and an update on the transition process. During this visit, the Human Resources group conducted benefit enrollment meetings with employees, discussing all of the benefits that will be offered to non-union employees, members of the Utility Worker's Union of America in ME ("UWUA"), and members of the United Steel Workers of America in N.H. ("Steelworkers"). Employees were provided a three-ring binder filled with benefit plan summaries, enrollment forms, and company policies. Employees left these meetings with a checklist of items that they needed to complete prior to October 17, 2008, in order to become enrolled in Unitil's benefits plans.

Approximately 60 employees are union members and are represented by either the UWUA or the Steelworkers. Unitil will be adhering to the terms of the collective bargaining agreements ("CBAs") after the transaction closes and has been focused on replicating the benefits package offered by NiSource. Unitil will be offering benefits packages that either correspond to or improve upon the current set of benefits for all employees. In fact, Unitil will provide improvements to benefits in several areas but there are a few items that cannot be exactly replicated. One outcome of these changes is that nearly every union member will receive additional take home pay due to lower medical premiums.

While the Steelworkers appear to be satisfied with the Unitil benefits plan, Unitil understands that the UWUA may request that Unitil negotiate various terms of the CBA (as yet to be identified) and has advised its members not to complete benefits enrollment elections in the interim. Unitil, with the permission of Northern's management, has offered to meet with the UWUA in an effort to encourage participation in the enrollment process. A meeting is currently scheduled with the UWUA on October 23, to try and resolve the UWUA's concerns. Unitil has also scheduled a meeting with the Steelworkers on October 24 to address questions regarding post-retirement medical insurance.

Unitil has assigned a Sr. Human Resources Analyst, as the human resources contact for Northern and Granite employees. The Sr. Human Resources Analyst has been on site at each location (Portland and Portsmouth) for one full day each week to meet with employees individually to answer their questions, assist them with individual circumstances, and guide them through the enrollment process. Unitil anticipates that all employees will be enrolled in their new benefit plans for coverage effective upon the closing of the transaction, and that all employees will have their medical identification cards in advance of the effective date. However, Unitil is concerned that any significant delay in employee benefits enrollment activities could jeopardize our ability to convert these members to Unitil's benefits plan on time.

E) Capital Projects – Expenditures - Summary

As noted in the September Transition Plan Report, each team has identified a preliminary assessment of internal and external resources that will be required to complete the integration according to schedule. The estimated integration expenditures of \$3.2 million will be updated as the final cost estimates for external services are received. The final budgets are expected to be approved after the Go-Live Plans and the Transition Services lists are completed.

The status of the capital project expenditures as of September 30, 2008, is provided on the following page. As noted previously, these investments are necessary to achieve the potential synergy savings. Therefore, Unitil will seek cost recovery of these expenditures in future rate case filings.

**Capital Projects
Expenditures Summary
September 30, 2008**

Authorization	Original Budget	Expenditure YTD	Remaining Budget
CUSTOMER SERVICE PROJECTS:			
Billing Conversion - Customer Information Systems	930,000	676,746	253,254
Interfacing - Customer Information Systems / Web-based Customer Systems, Metering, Ledgers & Reporting	544,000	185,578	358,422
Measurement - MV90 xi Network Server & Communications Equipment	147,000	9,923	137,077
G - Intake (Operations & Business Development)	71,400	58,149	13,251
Telecom Upgrade	189,000	131,770	57,230
Total Customer Service Projects:	1,881,400	1,062,166	819,234
GAS OPERATIONS & ENGINEERING PROJECTS:			
Operation Data Integration	150,675	65,851	84,824
Compliance Management System	145,300	86,209	59,091
Mobile Terminals	111,750	76,750	35,000
Gas Procedures Manuals	81,600	15,063	66,537
Gas SCADA System	142,000	62,125	79,875
Integrity Management Analysis System	65,000	51,013	13,987
Gas Dispatch Phone & Central Radio System	41,000	176	40,824
Equipment & Tools	31,000	-----	31,000
Facility Enhancements & Signage	99,500	-----	99,500
GIS	150,000	59,323	90,677
Total Gas Operations & Engineering Projects	1,017,825	416,510	601,315
FINANCE, ACCOUNTING & OTHER PROJECTS:			
Flexi Ledger / Accounts Payable / Projects / Purchasing	143,700	82,919	60,781
Energy Contracts / Energy Measurement & Control	94,000	37,291	56,709
Other Miscellaneous Projects	87,500	-----	87,500
Total Finance, Accounting & Other Projects	325,200	120,210	204,990
Grand Total	3,224,425	1,598,886	1,625,539

Unitil DRAFT 7/09/08TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this "Agreement"), dated as of _____, 2008 (the "Effective Date"), is made by and among NiSource Inc., a Delaware corporation ("NiSource") and Unitil Corporation, a New Hampshire corporation ("Unitil"). Each of NiSource and Unitil are sometimes referred to individually as a "Party" and collectively as the "Parties". Capitalized terms used in this Agreement and not otherwise defined in this Agreement shall have the respective meanings ascribed to them in that certain Stock Purchase Agreement, dated as of February 15, 2008 (the "Purchase Agreement"), by and among NiSource, Bay State Gas Company, a Massachusetts corporation ("Bay State") and Unitil.

RECITALS

WHEREAS, pursuant to the Purchase Agreement, Unitil has agreed to purchase all the outstanding shares of common stock of Northern Utilities, Inc., a New Hampshire corporation and Granite State Gas Transmission, Inc., a New Hampshire corporation (together, the "Companies") from Bay State and NiSource, respectively.

WHEREAS, pursuant to the Purchase Agreement, Unitil and NiSource have agreed to enter into this Agreement on or before the Closing Date, under which NiSource and certain of its Affiliates (including, without limitation, NiSource Corporate Services Company, a Delaware corporation) will provide Unitil with certain transition services as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

ARTICLE I
PROVISION OF SERVICES

Section 1.1 General Intent. The Parties agree that the purpose of this Agreement is to establish the terms under which NiSource will provide to Unitil certain services to continue the operation and maintenance of the Companies substantially consistent with past practices until NiSource and Unitil have accomplished the successful transition of all business functions that were performed by NiSource (or its affiliates other than the Companies) prior to the Closing Date. Unitil acknowledges and understands that the services provided hereunder are transitional in nature and are furnished by NiSource and its Affiliates solely for the purpose of facilitating the sale of the Companies and their operation for a limited period of time after the Closing Date, as set forth herein. Unitil will use commercially reasonable efforts to make a transition to its own internal organization or any other third-party suppliers for the services as promptly as practicable following the Closing Date.

Section 1.2 Services to Be Provided. During the term of this Agreement as set forth in Article III (the "Transition Period") and on the terms and subject to the conditions of this Agreement and upon reasonable advance request of Unitil, NiSource will provide, or cause one or more of its Affiliates to provide, to Unitil (with respect to the Companies) each of the services (the "Services") described in Annex A hereto from the Effective Date and for the periods of time described therein with respect to each of the Services, unless notice is given by Unitil of early termination or extension of time pursuant to Article 3 herein, provided, that under no circumstances will NiSource or its Affiliates be obligated to provide any services to the Companies that NiSource or its Affiliates do not currently provide to the

Companies as of the date of this Agreement. Services provided by NiSource under this Agreement shall not include any actions or obligations NiSource is otherwise required to perform under the Purchase Agreement.

Section 1.3 Quality, Quantity and Manner of Performance.

(a) NiSource and its Affiliates shall perform the Services using the same degree of care as they utilize in rendering such services for their own and their Affiliates' operations, including performing such Services through the use of subcontractors or third parties to the extent such Services are currently being provided to the Companies by such subcontractors or third parties, and will give such Services a level of priority that is substantially consistent with past practice, provided that nothing in this Agreement will require NiSource to favor the business of Unitil or the Companies over its own business operations. The quantity of each Service to be provided will be that which Unitil may reasonably require for the operation of the Companies in the ordinary course of business consistent in all material respects with the operation of the Companies prior to the Closing and consistent with the services currently provided by NiSource and its Affiliates to the Companies as of the date of this Agreement. Except as provided in this Section 1.3(a), NiSource and its Affiliates specifically disclaim all warranties of any kind, express or implied, arising out of or related to this Agreement.

(b) Notwithstanding the foregoing, to the extent the Services involve the provision of shared space, the Party receiving such Services, its Affiliates and their respective employees and agents shall have full access to the shared space during normal business hours. The Party receiving such Services will, and will cause its Affiliates to, cause their respective employees and agents who have access to the shared space to comply with the rules that are applicable to employees of the Party providing such Services who are working in the shared space. [Unitil would like to know the rationale for this provision and what is meant by the reference to 'rules that are applicable']

Section 1.4 Limitation on Services. In connection with the performance of Services, NiSource and its Affiliates will have no obligation to (a) upgrade, enhance or otherwise modify any computer hardware, software or network environment currently used by the Companies, or (b) convert from one format to another any data of the Companies for use by Unitil or any other person in connection with the Services or otherwise, so long as the data and electronic files are readable to Unitil through commercially reasonable means.

**ARTICLE II
FEES, BILLING AND PAYMENT**

Section 2.1 Fees and Expenses.

(a) During the Transition Period, NiSource will bill Unitil on a monthly basis for its fully loaded cost for the Services provided pursuant to this Agreement (without the addition of any profit factor) in a manner consistent with NiSource's billing practices to its other public utility Affiliates for shared services. In the event that, pursuant to Section 3.2, NiSource and its Affiliates choose to provide any Extended Services to Unitil following the applicable Expiration Date, NiSource will bill Unitil on a monthly basis for its fully loaded cost in providing the Extended Services pursuant to this Agreement, plus an additional profit factor as set forth in Section 3.2.

(b) Unitil shall also reimburse NiSource on a monthly basis for direct, out-of-pocket expenses for amounts paid to third-party vendors to the extent incurred by NiSource or its Affiliates in the course of providing the Services and for any other reasonable third party direct, out-of-pocket expenses incurred by NiSource or its Affiliates in connection with the performance of Services.

Section 2.2 Billing and Payment.

(a) Unitil will promptly pay any bills and invoices that it receives from NiSource or its Affiliates for Services provided under this Agreement. Unless otherwise provided in this Agreement, all invoices will be paid by wire transfer in accordance with the instructions provided by NiSource (in writing to Unitil) not later than 30 days following receipt by Unitil of NiSource's invoice. NiSource shall render invoices for Services or payments due under this Agreement on a monthly basis, and will use its commercially reasonable efforts to deliver such invoices within thirty (30) days of the last day of the month in which the Services were provided. Neither Unitil, nor NiSource or its Affiliates, will offset any amounts owing to it by the other Party against amounts payable hereunder or under the Purchase Agreement (except for any invoiced amounts disputed by Unitil in good faith). Should Unitil dispute any portion of any invoice, Unitil will notify NiSource in writing of the nature and basis of the dispute not later than 30 days following receipt by Unitil of NiSource's invoice.

(b) In connection with the performance of certain Services ("Account Services"), NiSource and its Affiliates will be making cash payments and collecting cash receipts and receivables on behalf of and for the benefit of Unitil. During the Transition Period, NiSource will, within five Business Days after the end of each accounting month of NiSource, commencing with the end of the first full accounting month after the Effective Date, deliver to Unitil a statement setting forth the cash payments and collections made in connection with the Account Services during the preceding month. If the net amount of cash payments and collections resulted in NiSource collecting more cash than it paid during such month (only with respect to Account Services), NiSource will pay to Unitil the amount of such excess within five Business Days after the cash statement for that month has been delivered to Unitil. In the event that cash receipts are insufficient to make cash payments, NiSource will promptly notify Unitil; provided, that NiSource will have no obligation to pay more than it collects with respect to such Account Services, and all fees, charges, expenses, claims, damages or other liabilities imposed as a result of failure to pay such amounts shall be paid solely by Unitil. Notwithstanding Section 2.3, NiSource and its Affiliates will pay no interest on any of such cash payments.

Section 2.3 Interest Payable on Amounts Past Due. All payments required to be made pursuant to this Agreement will bear interest from and including the date 10 days after such payment is due to but excluding the date of payment with interest thereon, at a rate equal to the average daily rate of interest publicly announced by JPMorgan Chase Bank in Chicago, Illinois from time to time as its prime rate calculated on the basis of the actual number of days elapsed over 365 as in effect from time to time during the period, from the date such interest begins to accrue to the date of payment. Such interest will be payable at the same time as the payment to which it relates.

Section 2.4 Taxes. All charges and fees to be paid to NiSource under this Agreement are exclusive of any applicable taxes required by law to be collected from Unitil (including VAT, withholding, sales, use, excise or services tax, which may be assessed on the provision of the Services hereunder). If a VAT, withholding, sales, use, excise or services tax is assessed on the provision of any of the Services under this Agreement, Unitil will pay directly, reimburse or indemnify NiSource for such tax. The Parties will cooperate with each other in determining the extent to which any tax is due and owing under the circumstances, and will provide and make available to each other any resale certificate, information regarding out-of-state use of materials, services or sale, and other exemption certificates or information reasonably requested by either party.

ARTICLE III
TERM AND TERMINATION

Section 3.1 **Term of Agreement.** Except as provided in Sections 3.2 and 3.3 below, the term of this Agreement will commence on the Effective Date and will continue (unless sooner terminated pursuant to the terms hereof) for a period not to exceed 120 days (the “Initial Term”), provided that the Initial Term solely with respect to Services in connection with the provision of gas purchasing and management and system dispatch (as more specifically described on Annex A) will commence on the Effective Date and will continue (unless sooner terminated pursuant to the terms hereof) for a period not to exceed 180 days.

Section 3.2 **Early Termination.** Unitil may terminate any of the Services described in Annex A, including a specific function, process or task, before the expiration of the Initial Term by providing 30 days written notice to NiSource specifying the Service, including any function, process or task, to be terminated and the date on which such termination is to be effective. Following the effective date of such early termination of any Service, or specific function, process or task, NiSource shall have no obligation to provide the Service, or portion of the Service, that was subject to early termination.

Section 3.3 **Extensions of Term.** No less than forty-five (45) days before the final day of the Initial Term applicable to a particular Service (such final day, the “Expiration Date”), Unitil may request that NiSource and its Affiliates continue to provide certain Services beyond the Expiration Date by delivering to NiSource a written notice specifying the particular Services requested for an additional period and the extended period of time for which those Services are requested (the “First Extension Period”) (which First Extension Period may not exceed three (3) months from the Expiration Date). NiSource and its Affiliates shall use their commercially reasonable efforts to provide such Services beyond the Expiration Date (any Services provided beyond the applicable Expiration Date, the “Extended Services”), provided that, during the First Extension Period, NiSource will bill Unitil on a monthly basis for its fully loaded cost in providing the Extended Services pursuant to this Agreement, plus an additional profit factor of ten percent (10%) of such fully loaded cost. No less than forty-five (45) days before the final day of the First Extension Period, if any, Unitil may request that NiSource and its Affiliates continue to provide certain Extended Services beyond the First Extension Period by delivering to NiSource a written notice specifying the particular Services requested for an additional period and the extended period of time for which those Services are requested (the “Second Extension Period”) (which Second Extension Period may not exceed three (3) months from the final date of the First Extension Period). NiSource and its Affiliates shall use their commercially reasonable efforts to provide such Extended Services during the Second Extension Period, provided that, during the Second Extension Period NiSource will bill Unitil on a monthly basis for its fully loaded cost in providing the Extended Services pursuant to this Agreement, plus an additional profit factor of fifteen percent (15%) of such fully loaded cost. NiSource and its Affiliates shall have no obligation to provide any Services following the final day of the Second Extension Period, if any. Notwithstanding the foregoing, the Parties agree that should Unitil request the provision of a Service beyond the extended term described above, the Parties will use best efforts to reach a commercially reasonable accord to continue such Service temporarily pursuant to financial terms no less favorable than those contained in this Agreement.

Section 3.4 **Termination Upon Breach.**

(a) Unitil may terminate this Agreement at any time, upon written notice to NiSource, in the event of a material breach of this Agreement by NiSource. Such termination will become effective 30 days from the date of receipt of such notice unless the breach is cured, or if not able to be cured within said 30-day period, significant steps to cure have been taken by NiSource within that period.

(b) NiSource may terminate this Agreement at any time, upon written notice to Unitil, in the event of a material breach of this Agreement by Unitil. Such termination will become effective 30 days from the date of receipt of such notice unless the breach is cured or if not able to be cured within said 30-day period, significant steps to cure have been taken by Unitil within that period; provided, however, that if such breach relates to the non-payment by Unitil of any fees or expenses under Article II, then termination under this Section 3.2(b) will be effective 30 days from the date of receipt of such notice unless all unpaid fees or expenses have been paid in full within such 30-day period.

(c) Notwithstanding any other provision in this Agreement stating or implying the contrary, whether this Agreement is terminated by NiSource or Unitil, Unitil will remain liable for the payment of fees and expenses and all applicable interest accruing for the period prior to termination even though such fees may not become due until after termination. Further, in the event of termination of this Agreement pursuant to this Section 3.3, Sections 2.2(a), 2.3, 2.4, 3.3(c), 4.1, 4.3, 4.5 and 5.01 – 5.9, inclusive, will continue in full force and effect.

**ARTICLE IV
ADDITIONAL AGREEMENTS**

Section 4.1 Title to Equipment; Management and Control.

(a) All procedures, methods, systems, strategies, tools, equipment, facilities and other resources used by NiSource and any of its Affiliates in connection with the provision of Services hereunder (collectively, the “Equipment”) will remain the property of NiSource and its Affiliates and, except as otherwise provided in this Agreement, will at all times be under the sole direction and control of NiSource and its Affiliates.

(b) Except as otherwise provided in this Agreement, management of, and control over, the provision of the Services (including the determination or designation at any time of the Equipment, employees and other resources of NiSource and its Affiliates to be used in connection with the provision of the Services) will reside solely with NiSource. Without limiting the generality of the foregoing, all labor matters relating to any employees of NiSource and its Affiliates will be within the exclusive control of NiSource and its Affiliates, and Unitil will take no action affecting such matters. NiSource will be solely responsible for the payment of all salary and benefits and all income tax, social security taxes, unemployment compensation, tax, workers’ compensation tax, other employment taxes or withholdings and premiums and remittances with respect to employees of NiSource and its Affiliates used to provide Services.

Section 4.2 Validity of Documents. The Parties will be entitled to rely upon the genuineness, validity or truthfulness of any document, instrument or other writing presented in connection with this Agreement unless such document, instrument or other writing appears on its face to be fraudulent, false or forged.

Section 4.3 Confidentiality. Each party will cause each of its Affiliates and each of its and their officers, directors and employees to hold all information relating to the business of the other party disclosed to it by reason of this Agreement (the “Confidential Information”) confidential for a period of three years from the Effective Date, and will not use or disclose any such Confidential Information to any third party unless legally compelled to disclose such information; provided, that to the extent that a person receiving Confidential Information hereunder may become legally compelled to disclose any Confidential Information, such person (a) may only disclose such information if it will first have used commercially reasonable efforts to obtain, and, if practicable, will have afforded the other party the opportunity to obtain, an appropriate protective order or other satisfactory assurance of confidential treatment for the

information required to be so disclosed, and (b) if such protective order or other remedy is not obtained, or the other party waives such person's compliance with the provisions of this Section 4.3, they will only furnish that portion of the Confidential Information which is legally required to be so disclosed. As used in this Agreement, "Confidential Information" does not include any information which (x) is or becomes generally available to the public other than as a result of a disclosure by a party hereto, its Affiliates or any person acting on behalf of any such Person, or (y) becomes available to a party hereto or its Affiliates on a non-confidential basis, provided that such source was not known by such party or its Affiliates to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, such other party to this Agreement or its Affiliates with respect to such information.

Section 4.4 Third-Party Agreements. To the extent that any third-party proprietor of information or software to be disclosed or made available to Unitil in connection with performance of the Services hereunder requires a specific form of non-disclosure, license or service agreement as a condition of its consent to use of the same for the benefit of Unitil or to permit Unitil access to such information or software, Unitil agrees to execute (and will cause its employees to execute, if required) any such form.

Section 4.5 Limitation of Liability; Indemnity.

(a) Neither of the Parties nor any of their respective Affiliates will be liable to the other party or any third party for any special, punitive, consequential, incidental or exemplary damages (including lost or anticipated revenues or profits relating to the same or losses upon a multiple of earnings and attorneys' fees) arising from any claim relating to this Agreement or any of the Services to be provided hereunder or the performance of or failure to perform such party's obligations under this Agreement, whether such claim is based on warranty, contract, tort (including negligence or strict liability) or otherwise, and regardless of whether such damages are foreseeable or an authorized representative of such party is advised of the possibility or likelihood of such damages. In addition, neither of the parties hereto nor any of their respective Affiliates will be liable to the other party, any of their Affiliates or any third party, for any direct damages arising from any claim relating to this Agreement or any of the Services to be provided hereunder or NiSource's or its Affiliates' performance of or failure to perform obligations under this Agreement, except to the extent that such direct damages are caused by the gross negligence or willful misconduct of such party or their Affiliates.

(b) Unitil will indemnify NiSource and each of its Affiliates against all Losses attributable to any third-party claims arising from or relating to the provision of Services under this Agreement to the extent that such Losses arise from the gross negligence or willful misconduct of Unitil, any of its Affiliates or any of its or their respective employees, officers or directors.

(c) NiSource will indemnify Unitil and each of its Affiliates against all Losses attributable to any third-party claims arising from or relating to the provision of Services under this Agreement to the extent that such Losses arise from the gross negligence or willful misconduct of NiSource, any of its Affiliates or any of its or their respective employees, officers or directors.

(d) All claims for indemnification pursuant to this Section 4.5 will be made in accordance with the procedures set forth in Section 7.4 of the Purchase Agreement.

**ARTICLE V
MISCELLANEOUS**

Section 5.1 Relationship of Parties. Except as specifically provided in this Agreement (a) neither party hereto will act or represent or hold itself out as having authority to act as an agent or partner of the other party, or (b) in any way bind or commit the other party to any obligations or

agreement. Nothing contained in this Agreement will be construed as creating a partnership, joint venture, agency, trust, fiduciary relationship or other association of any kind, each party being individually responsible only for its obligations as set forth in this Agreement. The parties' respective rights and obligations hereunder will be limited to the contractual rights and obligations expressly set forth in this Agreement on the terms and conditions set forth in this Agreement.

Section 5.2 Notices. All notices, consents and other communications hereunder will be in writing and will be effective upon receipt or refusal to accept receipt when delivered by (a) hand; or (b) Federal Express or a similar overnight courier; or (c) United States Post Office enclosed in a postage prepaid, registered or certified envelope addressed; or (d) by e-mail (with a confirming copy of such communication to be sent as provided in clauses (a), (b) or (c) above), in each case, to the party for whom intended, at the address for such party set forth below (or at such other address for a party as will be specified by like notice, provided, however, that any notice of change of address will be effective only upon receipt):

(a) If to the Unitil: Unitil Corporation
6 Liberty Lane West
Hampton, New Hampshire 03842
Telephone No.: (603) 773-6422
Email collin@unitil.com
Attention: Mark H. Collin
Senior Vice-President and CFO

with a copy to: Dewey & LeBoeuf LLP
260 Franklin Street
Boston, MA 02110
Telephone No.: (617) 748-6800
Email smueller@dl.com
Attention: Scott J. Mueller Esq.

If to NiSource: NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
Telephone No.: (877) 647-5990
Email _____
Attention: Michael W. O'Donnell, Executive Vice
President and Chief Financial Officer; and

Bay State Gas Company
300 Friberg Parkway
Westborough, MA 01581
Telephone No.: (508) 836-7000
Email _____
Attention: Stephen H. Bryant, President

with a copy to: Schiff Hardin LLP
 6600 Sears Tower
 Chicago, Illinois 60606
 Telephone No.: (312) 258-5500
 Email _____
 Attention: Darren C. Baker, Esq.

Section 5.3 Disputes; Applicable Law; Jurisdiction.

(a) In the event of any dispute or disagreement between Unitil and NiSource as to the interpretation of any provision of this Agreement (or the performance of obligations hereunder), the matter, upon written request of either party, shall be referred to representatives of the parties for decision. Such representatives shall meet promptly and, in any event, within ten Business Days after delivery of any such written request, in a good faith effort to resolve the dispute. If such representatives do not agree upon a decision within 30 days after delivery of any such written request, each of Unitil and NiSource shall be free to exercise the remedies available to it under applicable law, subject to clause (b) below.

(b) This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without giving effect to the principles of conflicts of law thereof. Each of the parties hereto hereby expressly and irrevocably submits to the non-exclusive personal jurisdiction of the courts of the State of Delaware (collectively, the “Delaware Courts”), preserving, however, all rights of removal to any federal court located in the District of the State of Delaware under 28 U.S.C. Section 1441, in connection with all disputes arising out of or in connection with this Agreement or the transactions contemplated hereby and agrees not to commence any litigation relating thereto except in such courts. Each party hereby waives the right to any other jurisdiction or venue for any litigation arising out of or in connection with this Agreement or the transactions contemplated hereby to which any of them may be entitled by reason of its present or future domicile. Notwithstanding the foregoing, each of the parties hereto agrees that each of the other parties will have the right to bring any action or proceeding for enforcement of a judgment entered by the Delaware Courts in any other court or jurisdiction.

Section 5.4 Entire Agreement; Amendment. This Agreement (which includes Annex A and Annex B), constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, including the Purchase Agreement and Exhibit C to the Purchase Agreement. Subject to applicable law, this Agreement may be amended, modified and supplemented in any and all respects by written agreement of the parties at any time with respect to any of the terms contained herein.

Section 5.5 Parties in Interest. This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto (whether by operation of law or otherwise) without the prior written consent of the other party. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Section 5.6 Interpretation. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes,” “including” or similar expressions are used in this Agreement, they will be understood be followed by the words “without limitation”. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 5.7 Third-Party Beneficiaries. Each party intends that this Agreement will not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto; provided, that notwithstanding this Section 5.7, the provisions of Section 4.5(b) and Section 4.5(c) will inure to the benefit of the Persons identified therein, and may be enforced by such Persons and their respective heirs and personal representatives.

Section 5.8 Annex A. Annex A is incorporated in, and made a part of, this Agreement.

Section 5.9 Severability. If any term, provision, covenant or restriction of this Agreement is held by a Governmental Entity to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

Section 5.10 Waiver. Except as otherwise provided in this Agreement, any failure of either of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 5.11 Force Majeure. No liability shall result from any delay or failure in performance by either party resulting from any cause, condition or event beyond the reasonable control of the party affected, including acts of God, fire, flood, war, government action, accident, labor trouble or shortage, or inability to obtain material, utilities, equipment, energy or transportation (each a "Force Majeure Event"), provided that the foregoing may not be raised as a defense or excuse for the failure of the Unitil to pay any amount due and payable to NiSource pursuant to this Agreement. Either party claiming the benefit of this Section 5.11 shall promptly notify the other party in writing upon learning of the occurrence of any Force Majeure Event and upon such notice the affected provisions and/or other requirements of this Agreement shall be suspended or reduced by an amount consistent with reductions made to the other operations of such party that are also affected by such Force Majeure Event during the period of such disability. Upon the cessation of such Force Majeure Event, NiSource will use its commercially reasonable best efforts to resume its performance of the Services hereunder as soon as practicable following the Force Majeure Event, and, in any event, within 30 days of giving notice to Unitil of such Force Majeure Event. If the Force Majeure Event continues to have effect for a period of more than 30 days, the party not claiming relief under this Section 5.11 shall have the right to terminate the Services affected by such Force Majeure Event immediately upon written notice of such termination to the other party.

Section 5.12 Counterparts. This Agreement may be executed in counterparts and multiple originals, each of which will be deemed an original, and all of which taken together will be considered one and the same agreement.

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IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed, all as of the date first above written.

NISOURCE INC.

By: _____
Name:
Title:

UNITIL CORPORATION

By: _____
Name:
Title:

Annex A to Transition Services Agreement

See separate Attachment

TRANSITION SERVICES AGREEMENT

Annex A

Function: Customer Service	Annex #: A.1
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Mark Lambert, Justin Eisfeller, Cindy Carroll	Extended Term: T / B / D
General Description of Services to be Provided:	
<p>Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a complete array of customer services including, but not limited to, the processes and tasks identified and described below.</p>	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Billing and Reconciliation: NiSource CIS; Billing services; third-party supplier management; CIS reconciliation and reporting; sales tax exemptions; customer refund processing; updates to billing rates	
Cash Remittance and Collection: Cash posting; credit and collections' including regulatory reporting	
Customer Relations and Communication: NiSource call center operations; response to PUC and CAD complaints; collect call center data for SQI filings; maintain the Northern customer website; prepare customer communications inserts	
Business Services: Process incoming sales calls	
Energy Measurement: Daily meter readings	
Information Systems Support Services to be Provided:	
NiSource Customer Information System, NiSource Meter Reading Systems	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Accounting and Finance	Annex #: A.2
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Deb Mahoney, Deb Chaput, Tressa Northrup, Mike McKinney	Extended Term: T / B / D
General Description of Services to be Provided:	
<p>Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a variety of accounting and finance services including, but not limited to, the processes and tasks identified and described below.</p>	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Corporate Accounting: NiSource CIS accounting entries; assistance with flow-through accounting models	
Treasury: Report receipt of cash into Northern lockbox; Transfer cash receipts from NiSource's bank account to Unital's bank account	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Corporate Communications	Annex #: A.3
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Stephanye Schuyler	Extended Term: T / B / D s
General Description of Services to be Provided:	
Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a corporate communication services including, but not limited to, the processes and tasks identified and described below.	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
To be determined – expected to be minimal.	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Distribution Field Operations	Annex #: A.4
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Justin Eisfeller, Chris LeBlanc	Extended Term: T / B / D
General Description of Services to be Provided:	
Accounting Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a variety of distribution field services including, but not limited to, the processes and tasks identified and described below.	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Field Services Dispatch: Work orders and potential crew assignments (as backup)	
Appliance Services: Appliance services for southern NH service territory; associated regulatory report support	
Gas Leak Management: Emergency first response coverage for southern NH service territory including leak repairs; associated regulatory report support	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Gas Supply and Gas Control	Annex #: A.5
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Robert Furino, Justin Eisfeller, Andrew Moriarty	Extended Term: T / B / D
General Description of Services to be Provided:	
<p>Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a variety of gas supply and gas control services including, but not limited to, the processes and tasks identified and described below.</p>	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Gas Supply Management: Monthly gas supply plans; daily operations execution; gas contracting reports; gas cost accounting services; retail supplier capacity management	
Gas Dispatching: Monitoring and control; dispatch training; daily scheduling	
SCADA: Unitil SCADA testing and commissioning	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Engineering and Operations Management	Annex #: A.6
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Chris LeBlanc	Extended Term: T / B / D
General Description of Services to be Provided:	
<p>Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a variety of engineering and operations management services including, but not limited to, the processes and tasks identified and described below.</p>	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Construction: Construction activities for southern NH; daily electronic progress reports for contractor crews	
Distribution System Maintenance: Maintenance activities for southern NH service territory	
Damage Prevention: Dig Safe service for southern NH service territory	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Transmission System Management & Operations	Annex #: A.7
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Robert Furino, Chris LeBlanc	Extended Term: T / B / D
General Description of Services to be Provided:	
Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a variety of transmission system management and operations services including, but not limited to, the processes and tasks identified and described below.	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Gas Transmission Management: Daily operations support; transportation customer invoices; monthly revenue estimates; updates to EBB	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Corporate Functions	Annex #: A.8
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Karen Asbury	Extended Term: T / B / D
General Description of Services to be Provided:	
<p>Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide a variety of corporate services including, but not limited to, the processes and tasks identified and described below.</p>	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Regulatory: Tariff administration; rates administration; regulatory filings support	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: Infrastructure	Annex #: A.9
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Jacquie Agel, Leigh Willett, Robert Mayo	Extended Term: T / B / D
General Description of Services to be Provided:	
Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide infrastructure services including, but not limited to, the processes and tasks identified and described below.	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
To be determined – expected to be minimal.	
Information Systems Support Services to be Provided:	

TRANSITION SERVICES AGREEMENT

Annex A

Function: All	Annex #: A.10
Provided by: NiSource Corporate Services / Bay State	Start Date: 11/##/08
Provided by Manager:	
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: # Months
Provided to Manager: Various	Extended Term: T / B / D
General Description of Services to be Provided:	
Services: Northern Utilities and Granite State request that NiSource Corporate Services and Bay State provide open access, as required, for consultation, follow-up and review.	
Specific List of Services to be Provided:	
Specific Processes / Tasks:	
Generic annex to cover any other services identified after the closing	
Information Systems Support Services to be Provided:	

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Preliminary Transition Services

Function or Process	Deliverable(s)
Group 1: Customer Service	
Regulated Billing Services	Perform all regulated billing services for metered and unmetered customers and all the associated tasks required to perform those duties (i.e. exceptions, rate maintenance, low income discount, corrected bills, meter schedules, mailing services)
Unregulated Billing Services	Perform all unregulated billing services customers such as sundry billing, guardian care, rental programs, external suppliers, and all the associated tasks required to perform those duties (i.e. exceptions, rate maintenance, mailing services)
Granite State Transmission Billing	Perform billing functions for the GST company and all associated tasks required to perform those duties.
External Supplier System Management - EasyOn system	Maintain the on-line system used by external suppliers which allows suppliers the ability to request changes and allows access to customers historical usage information.
CIS Reconciliation and Reporting	Services to ensure CIS billing and accounts receivables are balanced during billing month end periods (minimum) and revenues and cash are reported in the appropriate formats.
CIS System (IBM and NiSource)	Use of all CIS functions required for all NU Maine and NH customers including but not limited to: billing, cash receipts, work orders, protections, meter management.
Sales Tax	Perform annual review and system updates for sales tax exemptions.
Deposit Interest and Refunds	Process all appropriate customer refunds required in the normal course of business and the refund of annual deposit interest.
Rules and Regulations	Implement any new requirements as they relate to billing that may be issued from regulatory bodies in the transition period.
Cash Remittance Services	Provide cash posting services for all Northern Utilities and GST customers regarding the receipt of all customer payments from all forms such as lockbox checks, credit cards, e-checks, western union payments, wires, reverse payments, etc). Ensure that all payment files are posted appropriately to customer accounts.
Collections Services - Regulated	Perform all tasks associated with the credit and collections functions for regulated and non-regulated services used to ensure timely payments from all NU and GST customers within the established regulatory guidelines. Duties also would include collection agency management, account write-offs, internal and external reporting, bankruptcies, maintaining payment plans.
Agency Payments, Communications and Reporting	Perform all tasks associated with agency programs, such as fuel assistance to ensure customers are enrolled in the low income discount rate, coded for fuel assistance benefits and reporting purposes.
Protections	Conitnue to maintain protections as appropriate.
Pre-Moratorium Annual Review and Mailing	In NH perform the annual review of customers that have been disconnected for non-payment earlier in the year in occordance with NHPUC rules.
Reports	Continue to prepare and provide NHPUC monthly accounts receivable and collections report in NH and prepare 2008 annual report for the Maine PUC that is due to be filed with the commission on 2/15/09.

Draft
Preliminary Transition Services

Function or Process	Deliverable(s)
Rules and Regulations	Implement any new requirements as they relate to credit and collections that may be issued from regulatory bodies in the transition period.
Call Center and Customer Services for Regulated Customers	Continue with all current call center services for regulated emergency and non-emergency services for NU customers. Services include but are not limited to: internal and external reporting, answering calls within the current guidelines, issuing and managing the work orders, etc)
Call Center and Customer Services for UnRegulated Customers	Continue with all current call center services for unregulated NU customers and GST customers . Services include but are not limited to: internal and external reporting, answering calls within the current guidelines, issuing and managing the work orders, etc)
Regulatory Complaints	Continue to respond to and resolve all PUC and CAD complaints.
Call Center and Customer Services	Continue to gather, record and report all Call Center activity required for the 2008 SQI reporting for both NH and ME.
External Customer Website	Maintain the Northern Utility website and all the functions and information associated with the site. This would also include maintaining the real time account inquiry and payment option services (credit card and e-check)
Customer Communications	Provide customer communication inserts, other collateral and billing messages that has been identified to NiSource personnel through the customer communications plan.
In-coming sales calls	Answer in-coming sales calls and inform Unitil sales team.
Meter Reading	meter reading for NiSource billing of NU customers
Meter Reading	daily batch file of reads sent to Unitil for bill processing
Group 2: Accounting and Finance	
Customer Accounting Activity	Will need an electronic file from the NiSource CIS system that would be in a format that Unitil could work with either to convert and import or to manually post via Excel to Flexi.
All other journal activity manually performed	General telephone support if we run into something not anticipated
Financial Reporting	General telephone and e-mail support during the preparation of filings or if we run into something not anticipated
Report receipt of cash and move cash to Unitil	Report on cash received and cash in Unitil's bank account.
Group 3: Corporate Communications	
N/A	None at this time

Draft
Preliminary Transition Services

Function or Process	Deliverable(s)
Group 4: Distribution Field Operations	
FS Dispatching	Call or email work orders to Unitil from Customer Service
FS Dispatching	perform existing work order dispatch for NU
Service	All labor, materials, equipment and supervision required for performing service department activities. Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance.
Emergency Response	All labor, materials, equipment and supervision required for providing emergency first responders for Southern New Hampshire (Salem, Plaisitow, Atkinson). Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance.
Scheduled Leak repair	All labor, materials, equipment and supervision required for scheduled leak repairs for Southern New Hampshire (Salem, Plaisitow, Atkinson). Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance.
Group 5: Gas Supply and Gas Control	
Resource Planning	Provide monthly supply plan.
Daily Operations	Establish daily load forecast; provide daily forecast and any updates.
Daily Operations	Manage daily supply requirements; provide list of supplies planned to meet daily forecast.
Daily Operations	Manage pipeline balancing; provide list of noms, actual deliveries and local production
Daily Operations	Establish and implement daily exchange volume; provide daily exchange volume and estimated cost.
Daily Operations	Offer sales to interruptible customers; provide list of interruptible sales made
Gas Contracting	Provide listing of new transactions and copy of confirmations.
Gas Contracting	Briefings on regulatory proceedings; issues related to various customer groups
Gas Contracting	Filed customs reports; training and working files related to such reports

Draft
Preliminary Transition Services

Function or Process	Deliverable(s)
Gas Cost Accounting	Provide copies of invoices to Unitil's Energy Contracts department for processing and payment; provide working files and back up
Gas Cost Accounting	Provide allocator value and working files.
Gas Cost Accounting	Invoice interruptible customers as needed; provide copies of invoices and working files.
Retail Supplier Capacity Assignment	Provide listing of supplier noms for peaking and company-managed services.
Retail Supplier Management	Provide daily (or standard frequency) reports listing ATV, metered loads and delivered supplies by retail supplier.
Retail Supplier Capacity Assignment	Provide updated capacity assignment values, working files and copies of communications with retail suppliers.
Retail Supplier Capacity Assignment	Provide revised capacity release values, working files showing calculations, notice of releases made and communication to suppliers.
Retail Supplier Capacity Assignment	Provide amounts billed for capacity mitigation service, working files showing derivation of calculations, and copies of bills rendered.
Retail Supplier Capacity Assignment	Provide amounts billed to suppliers for peaking and company-managed services, working files used to calculate these amounts and copies of billings.
Gas Cost Accounting	Accounting reports showing Gas Supply (pipeline, commodity and storage) Fixed and Variable Costs / Volumes / WACOG / therm factor
Monitoring & Control	daily monitoring & control services
Monitoring & Control	review
Monitoring & Control	provide on-site training to new dispatchers
Monitoring & Control	daily SCADA testing, field coordination
Nominations/Scheduling - Gas Supply	daily scheduling, coordination with Unitil Scheduler
Monitoring and Control	Completed Test Plans

Draft
Preliminary Transition Services

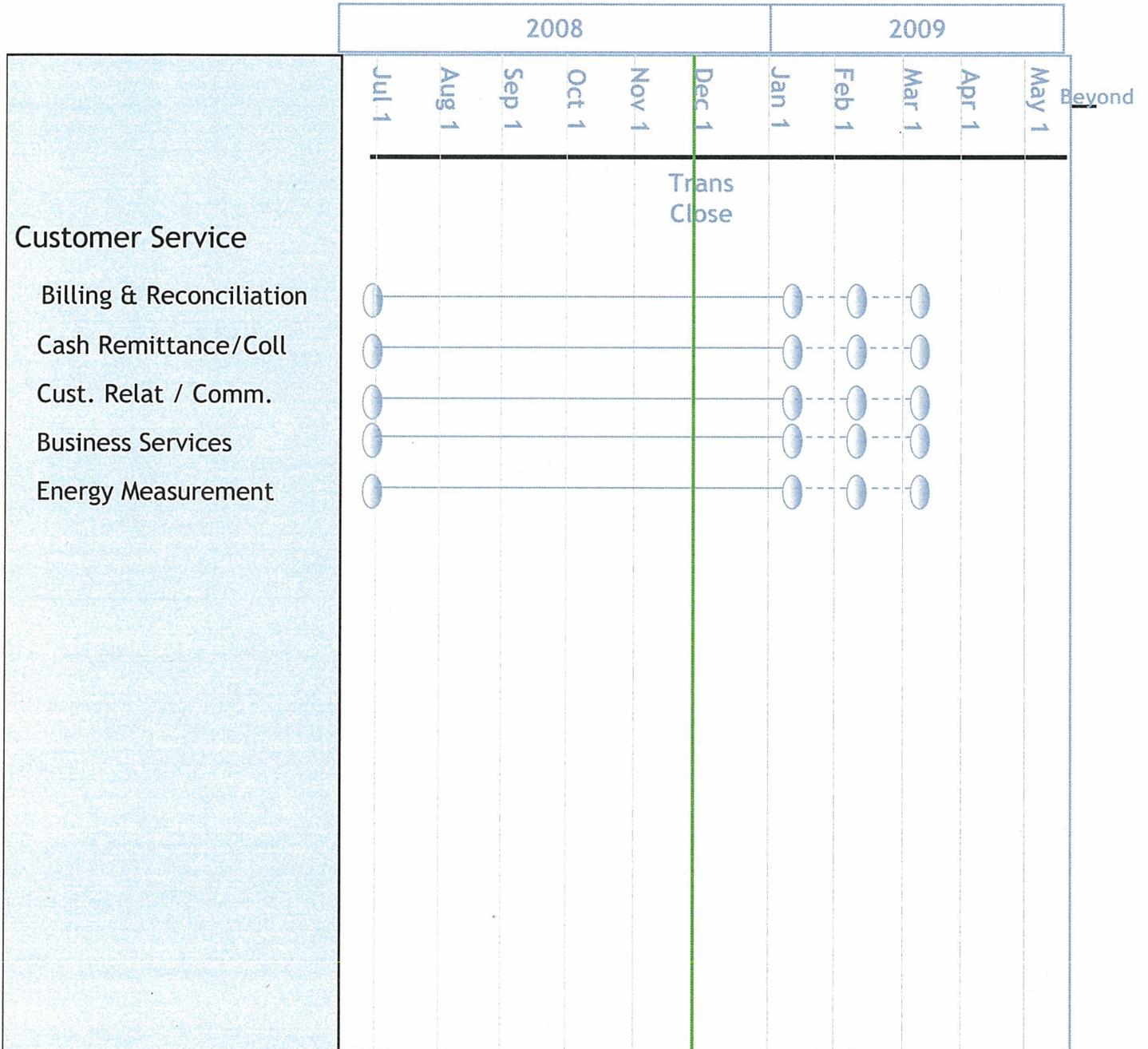
Function or Process	Deliverable(s)
Group 6: Engineering and Operations Management	
Construction Services	1) All labor, materials and supervision required for all capital projects required for the replacement and/or expansion of the distribution system. Also, to provide Unitil with all required paperwork, as-built drawings etc. as needed for the update of mapping systems and infrastructure data bases.
Electronic Daily Progress Reporting (Contractor Invoicing)	A hard copy report of daily progress reports for each NEUCO crew providing construction services to Northern
System Maintenance/Compliance Activities	All labor, materials, equipment and supervision required for regulatory maintenance/compliance activities. Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance.
Facility Markouts	All labor, materials, equipment and supervision required for performing facility markout activities. Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance.
Group 7: Transmission System Management and Operations	
Daily Operations	Provide listing of daily noms.
Daily Operations	Provide listing of daily receipts from upstream pipelines (TGP, PNGTS).
Daily Operations	Support transportation customer inquiries and support use of scheduling system.
Accounting	Provide copies of invoices to transportation customers, working files used to create the invoices.
Accounting	Provide updated Granite Revenue Summary worksheet
Regulatory	Access to Informational Postings section of Granite EBB, to extent Unitil does not have immediately following the closing.
Regulatory	Provide reports filed, working files used, and provide training in preparation of reports.
Group 8: Corporate	
Tariff Administration	Up to date tariffs
Tariff Administration	Up to date website
Tariff Administration	Business as usual tariff compliance operations, as requested

Draft
Preliminary Transition Services

Function or Process	Deliverable(s)
Special Contracts Administration	Up to date pricing
Rates Administration	Up to date pricing
Rates Administration	Communicate rates changes
Compliance - Reports and Filings	Assistance with Filings and reports, as requested
Review of Orders	Selected order reviews, as requested for proceedings conducted prior to the closing
Compliance with Orders	Assistance complying with regulatory orders, as requested
Monitoring of regulatory activity	Business as usual on proceedings designated by Unitil
Maintain Cost Recovery Models	Maintain cost recovery models as requested
Record Keeping	Maintained regulatory files
Regulatory Operations	Business as usual operations, as requested
Group 9: Infrastructure	
N/A	None at this time

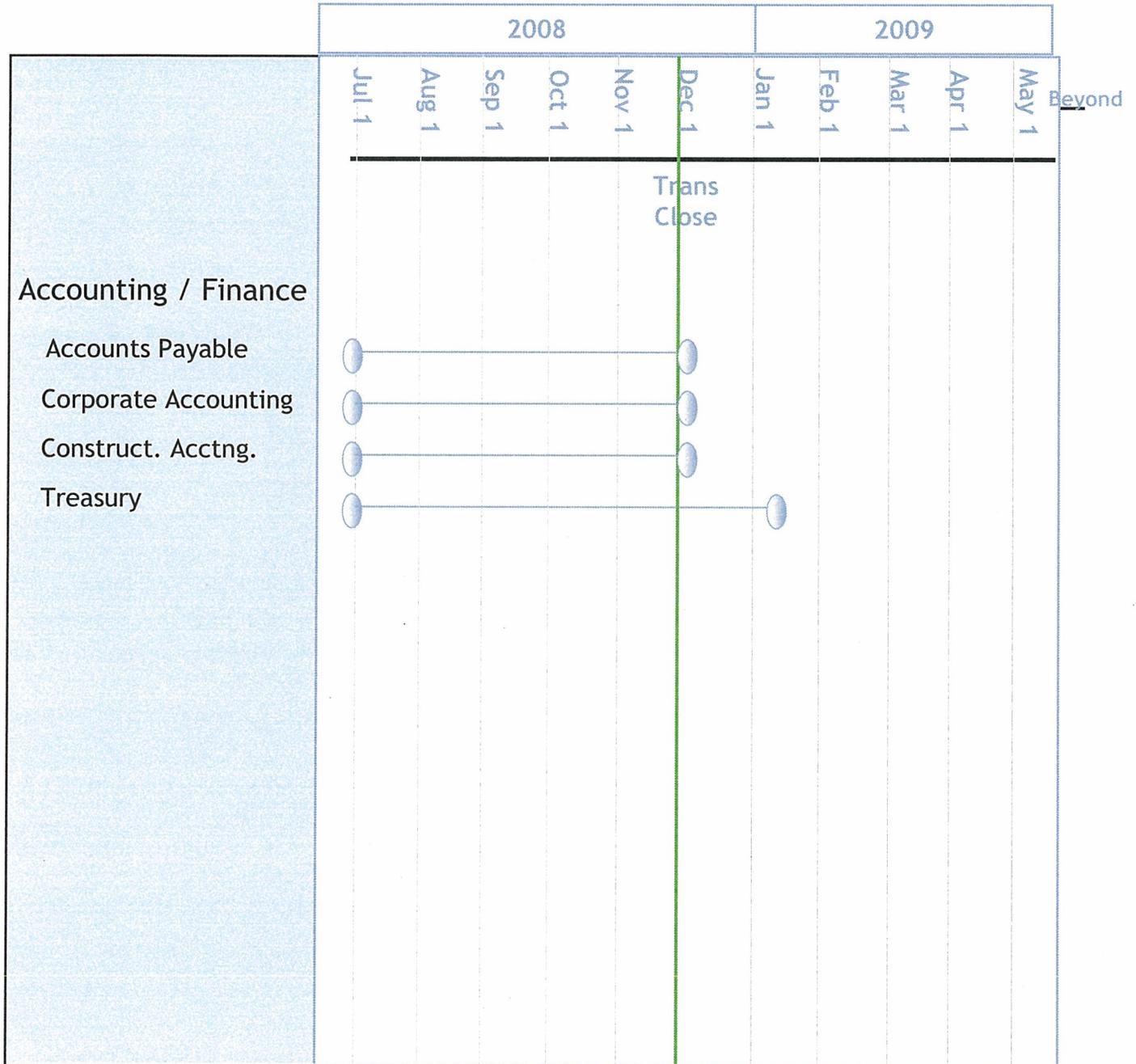


Business Integration - Go Live Timeline



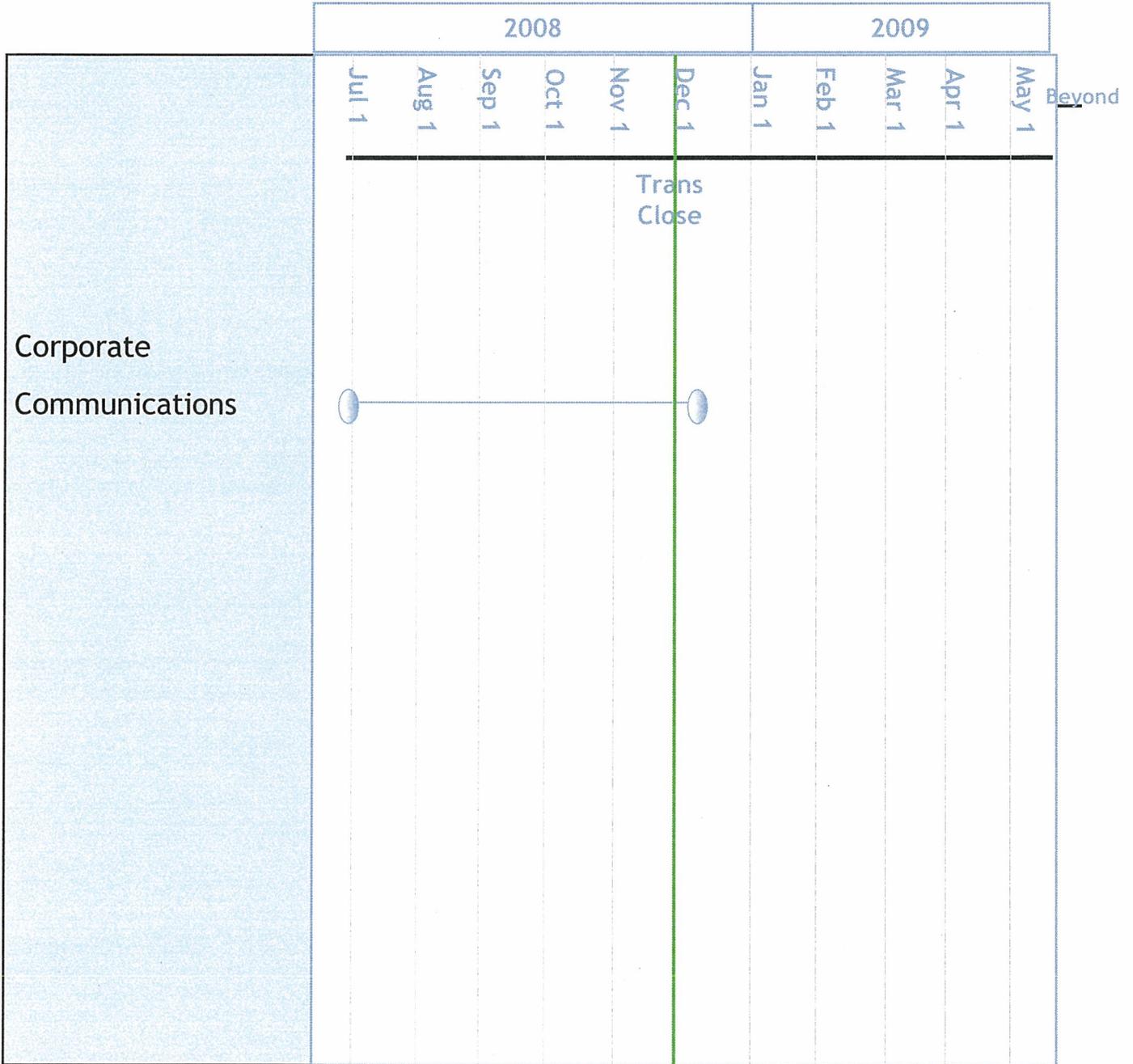


Business Integration - Go Live Timeline



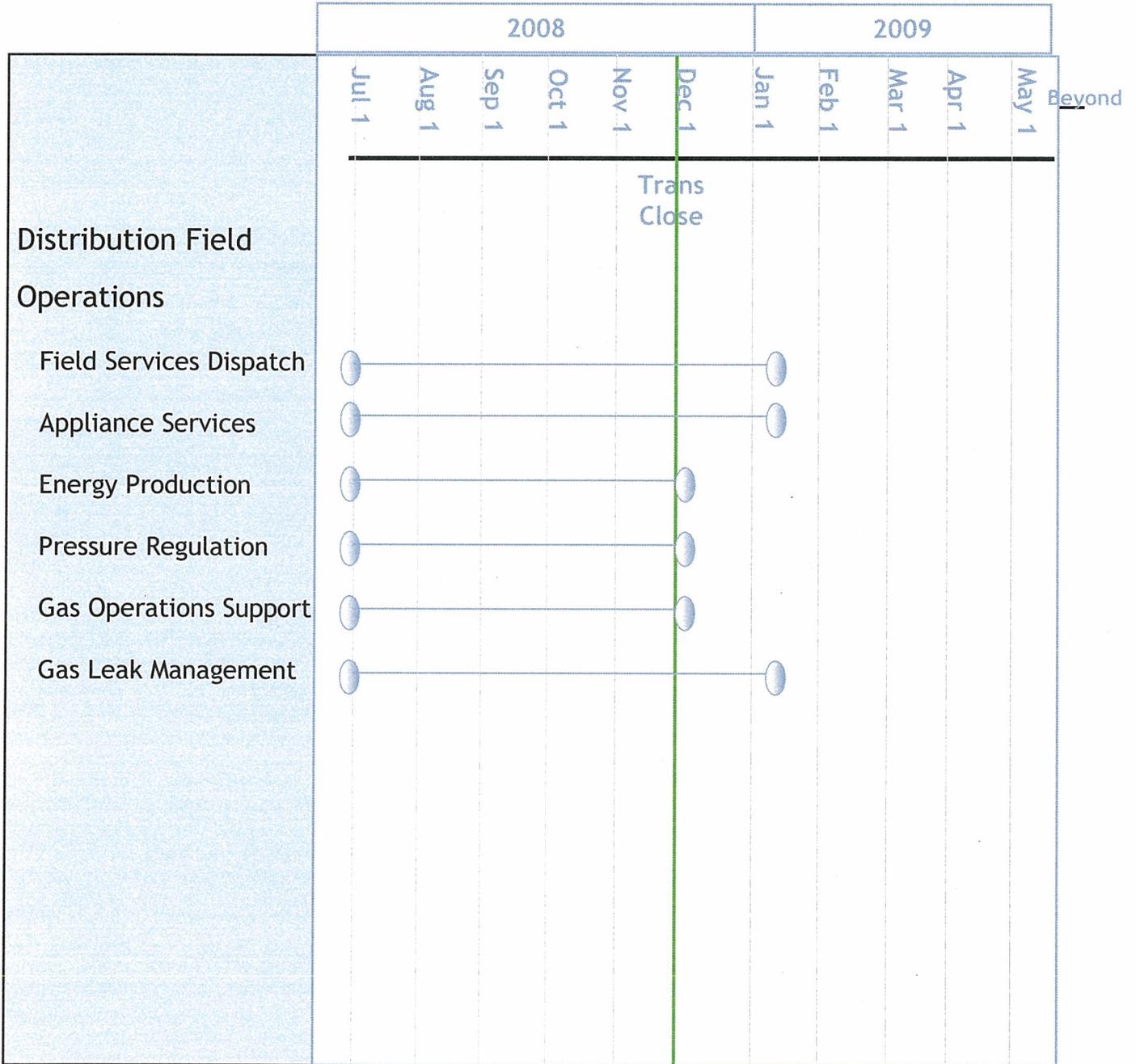


Business Integration - Go Live Timeline



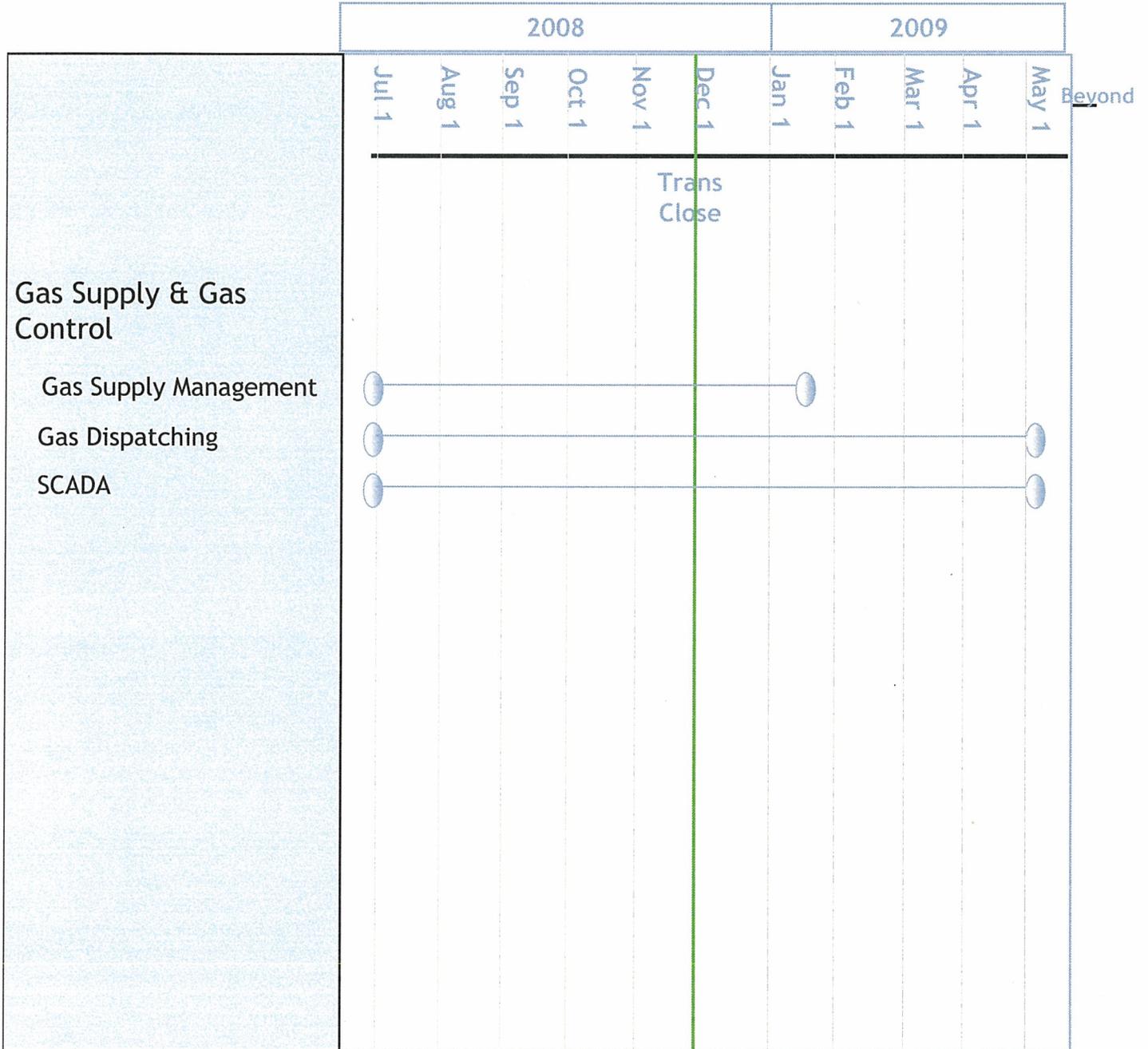


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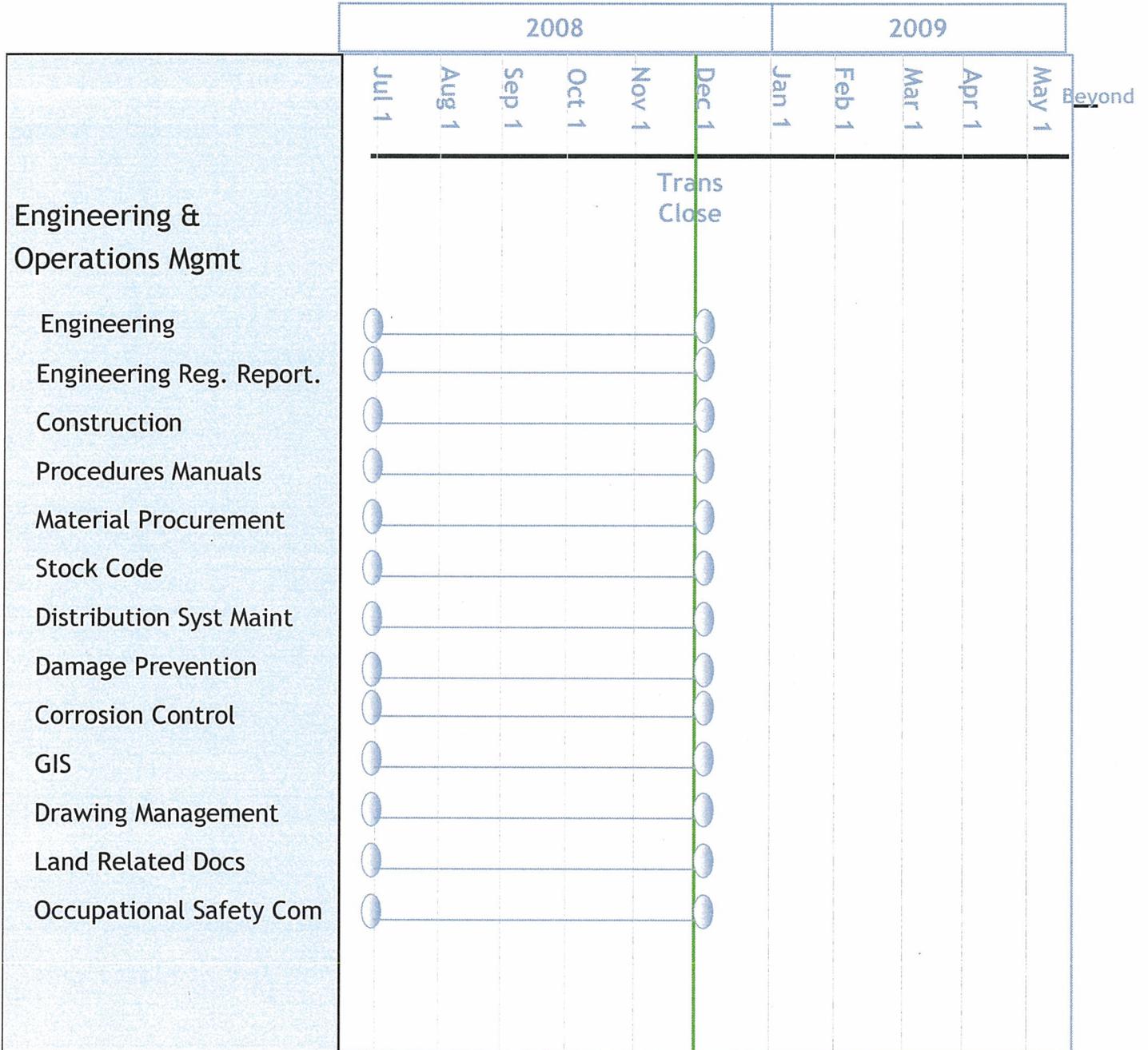


Business Integration - Go Live Timeline



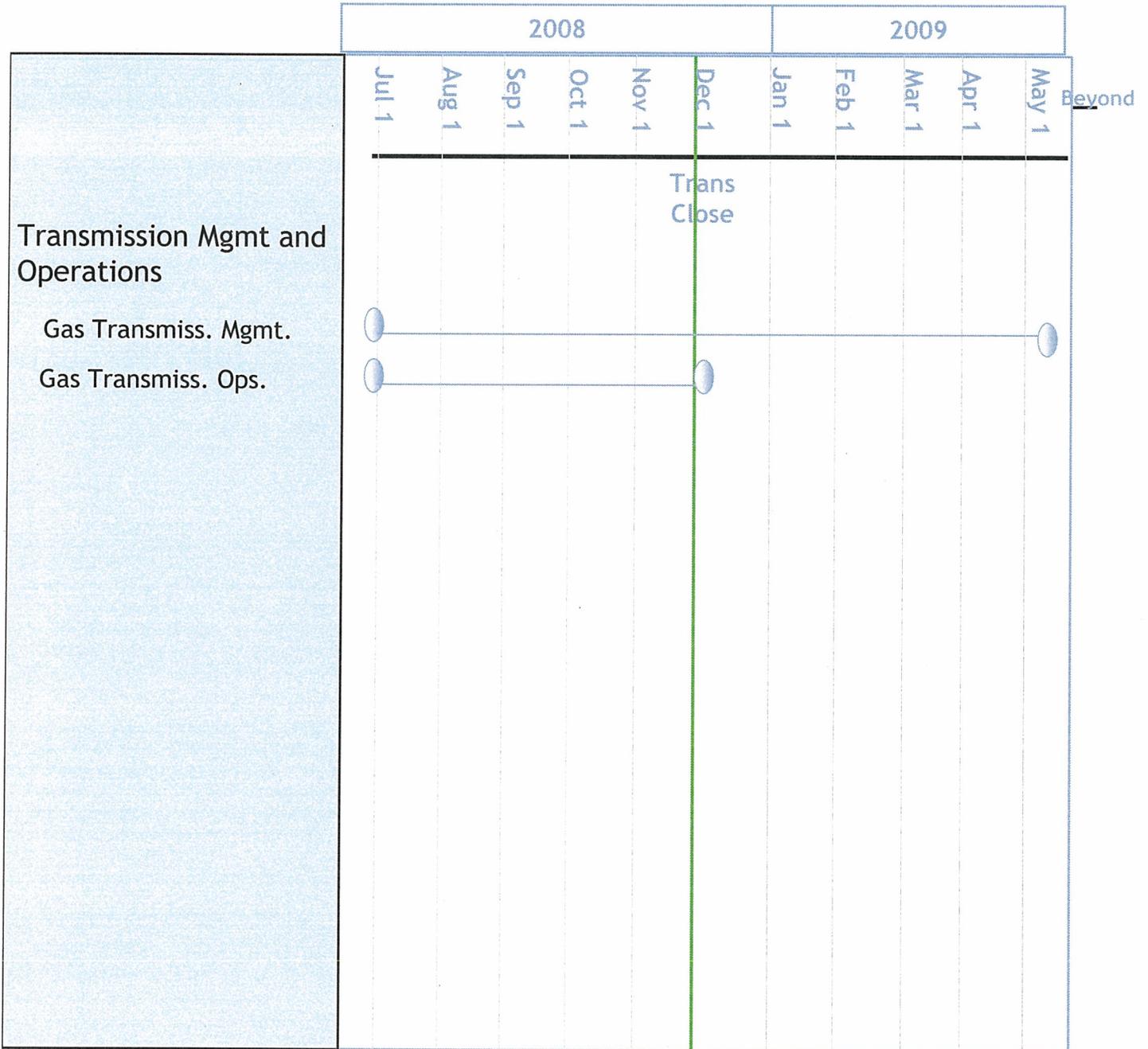


Business Integration - Go Live Timeline



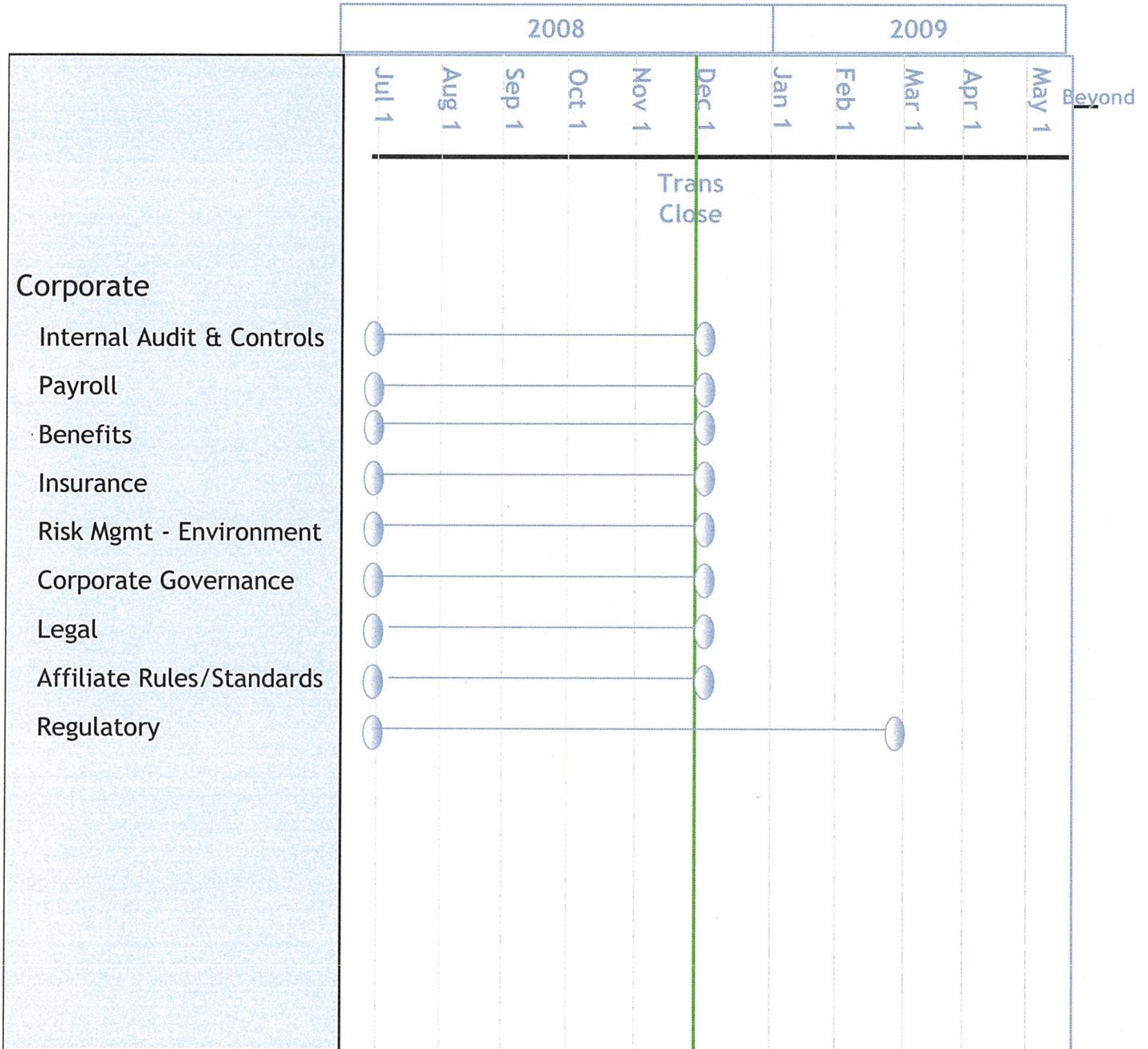


Business Integration - Go Live Timeline



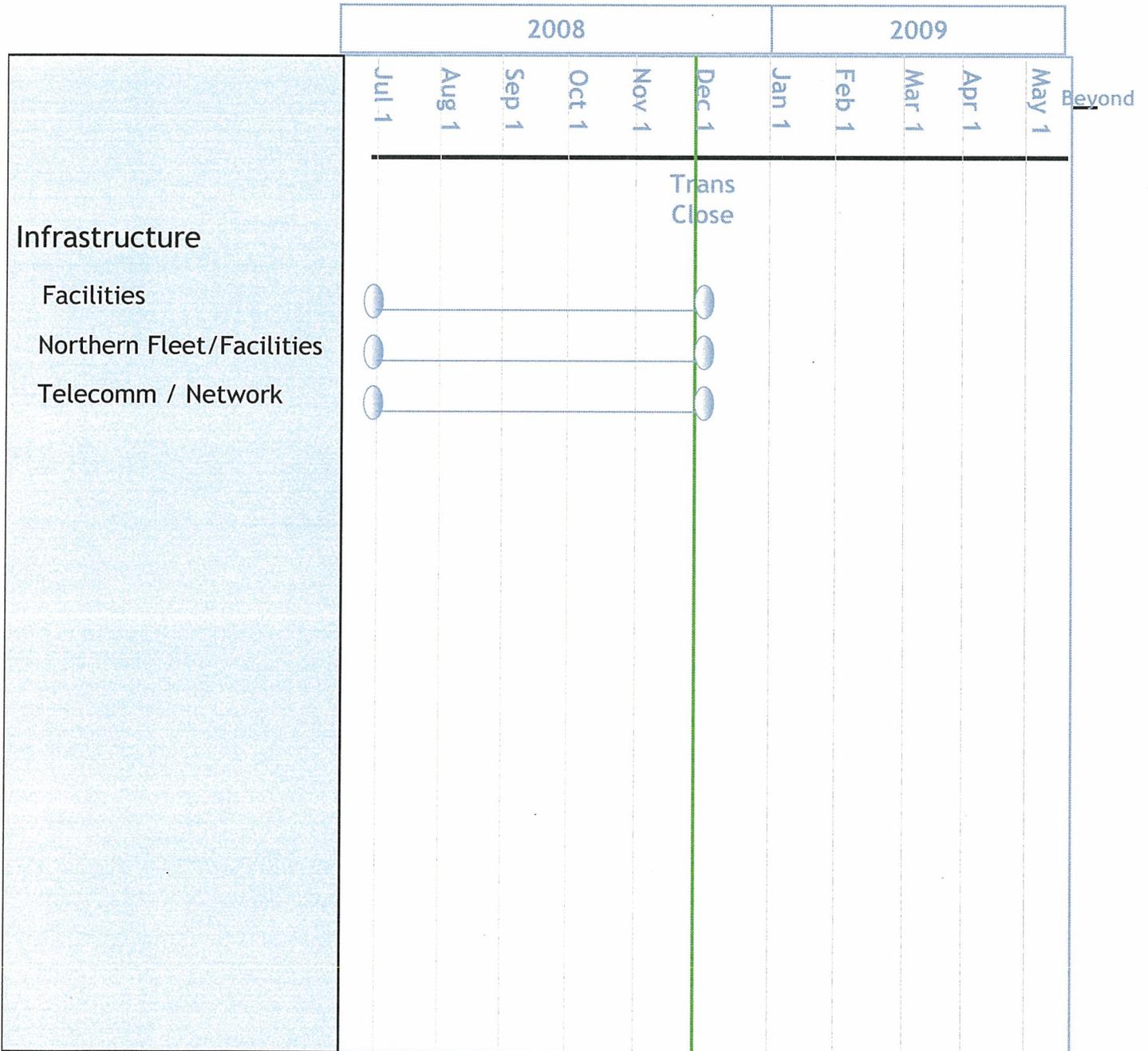


Business Integration - Go Live Timeline





Business Integration - Go Live Timeline



November 2008						
Cutover - Weekly / Daily Milestones						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
2	3	4	5	6	7	8
Week 1						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
9	10	11	12	13	14	15
Week 2	NiSource sends notification of change of address to A/P vendors	Holiday				
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
16	17	18	19	20	21	22
Week 3	G/L History files received from NiSource for 10/31/08					
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
23	24	25	26	27	28	29
Week 4	Northern & Granite history through October 2008 imported to Unitil general ledger		NiSource Receiving closes - NU / GSGT NiSource A/P Closes - NU / GSGT NiSource A/P cuts final checks Unitil receives final Odometer readings from Nisources keys inot ODI-Transportation	Holiday	Holiday	

December 2008						
Cutover - Weekly Milestones						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
30	1	2	3	4	5	6
Week 5	<p>Close date of Acquisition</p> <p>Unitil monthly close begins for November for all companies except Northern & Granite.</p> <p>Nisource closes and maintains all Northern and Granite data for November in the NiSource ledger and subsystems.</p> <p>GL and all subsystems open for month of December - except CIS</p> <p>Start importing invoices from UPS into Flexi A/P</p> <p>Start importing PO's to Flexi Purchasing-do receiving</p> <p>Start matching PO's in Flexi A/P</p> <p>Post A/P entries to G/L</p> <p>A/P entries to auto-post daily for December forward</p> <p>NiSource closes M&S Ledger for 11/30/08</p> <p>M&S Physical Inventory Count</p> <p>Hourly employees timcards begin to be keyed into TED</p> <p>UCS is open w/ feeds from A/P and info supplied from NiSource CIS</p>			<p>First Unitil ACH/Check run</p> <p>Nisource P/R QTD and YTD data loaded to ADP</p> <p>M&S Physical Inventory reconciliation complete</p>	<p>NiSource pays hourly employees</p>	
7	8	9	10	11	12	13
Week 6	<p>Unitil processes 1st hourly payroll to ADP</p>	<p>Nisource closes Construction, Plant and CPR for 11/30/08</p>	<p>M&S Ledger, CPR, Open CWO Ledger as of 11/30 received from Nisource and Loaded to respective Unitil Systems</p> <p>Nisource closes 11/30/08 G/L</p>	<p>Unitil pays Nisource hourly employees for 1st time</p>	<p>Validation completed of M&S, CPR, CWO ledger as of 11/30</p> <p>G/L as of 11/30 received from Nisource and loaded into Unitil</p>	<p>Cut-Off all subsystems M&S, P/R, Trans for year</p>
14	15	16	17	18	19	20
Week 7	<p>A/P Close Vouchers I</p> <p>Validation of G/L as of 11/30 complete</p> <p>Enter mileage into Unitil ODI-Transportation System</p> <p>Unitil pays first salary (semi-monthly) payroll</p>	<p>Unitil to post Purchase Accounting Entries to 11/30 G/L</p>	<p>Close month of December for ODI-M&S, Transportation, and Payroll</p>			
21	22	23	24	25	26	27
Week 8		<p>Close ODI-Construction for 12/08</p>		<p>Holiday</p>	<p>Plant ODI entries to be provided by Unitil subsystem</p>	

January 2009						
Cutover - Weekly Milestones						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
28	29	30	31	1	2	3
Week 9	A/P December Close - (Vouchers II)			Holiday	GL remains ready to accept feeds from all subsystems: Nisource closes CIS System for December Payroll Entries to be provided by Unitil ODI subsystem USC Time & Billing entries to be provided by Unitil	
4	5	6	7	8	9	10
Week 10	WebOps cash entries to be manually posted from UTL Cashpool	CIS entries to be provided by NiSource until CIS transition service stops				
11	12	13	14	15	16	17
Week 11	Run 1099's for all Companies		December G/L Close Complete - All Companies			
18	19	20	21	22	23	24
Week 12	Auditors Arrive					
25	26	27	28	29	30	31
Week 13					Plant Records software Development begins	