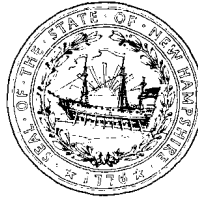


THE STATE OF NEW HAMPSHIRE

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EXECUTIVE DIRECTOR
AND SECRETARY
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March 28, 2011

Re: DG 08-048, Unitil Corporation and Northern Utilities Merger
Granite State Gas Study

To the Parties:

On September 18, 2010, Staff filed a memorandum in Docket No. DG 08-048 recommending that the Commission open an investigation regarding, among other things, the results and conclusions of the study conducted in that docket (Granite Study), and whether some other physical, operational, regulatory and/or corporate structure applicable to the Granite State pipeline would better serve the public interest. On November 23, 2010, Unitil filed a response requesting that, prior to ruling on Staff's recommendations and in the interest of administrative efficiency, the Commission convene a status conference to provide an opportunity for the Company to make a presentation on the results of the Granite Study. Pursuant to the Commission's Secretarial Letter of December 10, 2010, a status conference was held on February 18, 2011, at which the Company presented a detailed overview of the various pipeline configurations and scenarios it had analyzed during the course of the Granite Study and following the filing of Staff's September 18 memorandum.

At the status conference, Staff and the Company indicated that they had nearly reached agreement on the issue of cost/benefit analysis conducted with respect to the Company's "disbonded pipe project," in which approximately 7 miles of gas line pipe was to be replaced at an estimated cost of \$6.5 million. Staff stated that since it had received the Company's most recent analysis just that morning, it needed time to complete its analysis before reaching a final conclusion, but that the joint analysis was pointing toward agreement between Staff and the Company on the costs of the disbanded pipe project. Staff also recommended that it be permitted to continue working with the Company to conduct similar, detailed cost analyses of the Little Bay Bridge project (estimated at \$2.7 million) and the projected capital costs to comply with federal PHMSA integrity management upgrades (estimated at \$2.2 million). Staff suggested that a joint report from Staff and the Company be submitted to the Commission regarding the results of the proposed further analysis prior to the Company filing a rate case at the FERC.

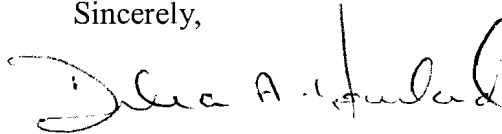
Based on the Company's presentation and Staff's statement at the status conference, the Commission has determined that Staff and the Company should continue to work closely on

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analyzing the costs and benefits of the Little Bay Bridge project and the PHMSA integrity management upgrades in the context of the various pipeline configuration scenarios presented by the Company at the conference. A joint report should be filed with the Commission by May 15, 2011.

With respect to the jurisdictional issues raised in its September 18 memorandum, Staff suggested that, to the extent the jurisdiction and related affiliate issues remain unresolved, they be included in the scope of the rate case anticipated to be filed with the Commission by Northern Utilities in the spring. To the extent that jurisdictional and affiliate issues remain at the time a Northern rate case is filed, the Commission will entertain their inclusion within the scope of that docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra A. Howland", with a stylized flourish at the end.

Debra A. Howland
Executive Director