

INDEX OF SCHEDULES

Schedule 1: Letter to Investors dated December 18, 2009

Schedule 2: Expenditures from December 1, 2008 through November 30, 2009-12-21

Schedule 3: Cost Rate Based on Net Proceeds and Weighted Average Cost of Capital



RBC Capital Markets®

December 18, 2009

To the Persons on the Attached Distribution List

**Re: Northern Utilities, Inc. ("Northern Utilities" or the "Issuer")
\$25,000,000 Senior Unsecured Notes Due 2020 (the "Notes")**

Dear Investors:

This letter will confirm that the institutions listed below have circled the following amounts of the above-referenced Notes on Friday, December 18, 2009. Please find attached the Bloomberg screen, which illustrates the Treasury yield used to calculate the coupons on the Notes.

Maturity / Avg. Life		10-yr Final / 9-yr Avg. Life
Reference Yield		3.39%
Spread		1.90%
Coupon		5.29%
Institution		
MetLife	\$	10.0
Mutual of Omaha		5.0
Thrivent		5.0
OneAmerica		5.0
Total	\$	25.0

The transaction was circled pursuant to the draft Note Purchase Agreement distributed via Intralinks with the following additional terms

- ◆ Standard language regarding FAS 159 elections;
- ◆ Standard restrictions on exit consents; and
- ◆ Requirement that any guarantee provided to the Issuer's primary credit facility (should one be put in place) will also be provided to the noteholders.

We will contact investors shortly to schedule a due diligence meeting with Northern Utilities management. The transaction will close and fund prior to March 15, 2010.

Northern Utilities, BAML and RBC appreciate your interest in the transaction and look forward to working with you towards the completion of a satisfactory due diligence and closing. Please call us with any questions.

Sincerely,

Banc of America Securities LLC

Edward Wood
(312) 828-7447

Michael Kleban
(312) 828-6003

RBC Capital Markets

Peter Walraven
(212) 428-5430

Paulo Matoto
(212) 858-7147

Amy An
(212) 858-8336

<HELP> for explanation.

INTERPOLATED US YIELD FOR 12/16/18 (3285 DAYS) IS: **3.386**

14:15 **CURRENTS/WHEN ISSUED**

Equity**PX1**

Bloomberg
GENERIC

TREASURY BILLS					
1)1Mo	1/14/10	↓	.02/ 1	.01	--
2)3Mo	3/18/10	↑	.05/ 4	.04	--
3)WIB	3/25/10	↓	.06/ 5	.05	+.01
4)6Mo	6/17/10	↑	.16/15	.16	+.01
5)WIB	6/24/10	↓	.17/16	.16	+.01
6)1Yr	12/16/10	↓	.35/34	.34	+.01

14) 3 ⁵ / ₈	8/19	↑	100-20 /22	3.54	- 17+
15) 3 ³ / ₈	11/19	10yr ↑	98-18+/19+	3.54	- 17
16) 4 ¹ / ₂	8/39	↑	100-19+/21+	4.46	- 20
17) 4 ³ / ₈	11/39	30yr ↑	98-20+/21+	4.46	- 20+

NOTES/BONDS					
7) 1	10/11	↓	100-13+/15+	.74	- 02+
8) 3 ⁴ / ₄	11/11	2yr ↓	99-29 /29+	.79	- 02+
9) 1 ³ / ₈	11/12	↓	100-09 /11	1.25	- 05
10) 1 ¹ / ₈	12/12	3yr ↓	99-13+/14	1.32	- 05
11) 2 ³ / ₈	10/14	↑	100-20 /22	2.22	- 09
12) 2 ¹ / ₈	11/14	5yr ↑	99-09+/10	2.27	- 09
13) 2 ³ / ₄	11/16	7yr ↓	98-07+/08	3.03	- 14

18)TII	5 YR	↓	104-09 /11	.24	- 02+
19)TII	10 YR	↑	105-15 /17	1.26	- 12+
20)TII	20 YR	↓	108-30 /00	1.93	- 11

OTHER MARKETS					
21)US Long(CBT)	14:05	↑	118-05	-	25
22)10Y Fut(CBT)	14:05	↓	117-19	-	14+
23)EURO\$ (IMM)	14:04	↑	99.645	+.005	
24)S&P 500 Ind	14:14	↓	1099.51	+3.43	
25)NASDAQ Comp	14:15	↑	2202.97	+22.92	
26)DowJones Ind	14:14	↓	10307.13	-1.13	
27)Gold (CMX)	14:15	↓	1107.97	+9.07	
28)NYM WTI Crd	14:04	↓	73.94	+1.29	

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Expenditures From 12/1/2008 - 11/30/2009

Northern - Maine

Auth No.	Const Budget No.	Project	Total Amount Expended
8009	MAO09	2008 and Prior Carryover projects from Acquisition of Northern ME - Normal additions, replacements, improvements of gas distribution systems, including upgrade and strengthen gas main (all associated ironated materials, sand gravel, paving and trucking of soils) plus additional costs associated ironated with replacement and improvements to gas mains and services required under 49 CFR 192	\$446,794.84
8010	MBO09	2008 and Prior Carryover projects from Acquisition of Northern ME - Normal additions, replacements, improvements of gas distribution systems, including upgrade and strengthen gas main (all associated ironated materials, sand gravel, paving and trucking of soils) plus additional costs associated ironated with replacement and improvements to gas mains and services required under 49 CFR 192	\$346,011.77
8015	MGO09	Gas Meters - Customer - labor and materials required for the installation of metering and piping on customer driven projects.	\$46,124.35
9000	MAB09	Gas Distribution System Improvements - Normal additions, replacements, improvements of gas distribution systems for 2009, including upgrade and strengthen gas main (all associated ironated materials, sand gravel, paving and trucking of soils) plus additional costs associated ironated with replacement and improvements to gas mains and services required under 49 CFR 192	\$746,309.92
9001	MBB09	New Gas Services - New service installations throughout the gas distribution system during 2009, less customer contributions.	\$1,085,974.14
9002	MCB09	Corrosion Control - Provide cathodic protection to coated steel pipe on the high pressure and low pressure distribution systems throughout the service territory. These section of main are identified through our on going corrosion control inspection program.	\$12,245.29
9003	MDB09	Abandoned Gas Services during 2009, completed in accordance with federal requirements under CFR Title 49 (49 CFR 192.727) and the unanited ironated additional cost associated ironates with increased building, demolition and abandonment of service stubs during leak investigations.	\$88,279.43
9004	MEB09	Gas Service Upgrades during 2009 - costs associated ironates with normal replacement of gas services	\$321,795.33
9005	MFB09	Gas Meters - Company - materials and supplies for company requirements in 2009 and installation costs.	\$504,570.68
9006	MGB09	Gas Meters - Customer - labor and materials required for the installation of metering and piping on customer driven projects.	\$504,830.95
9007	MKB09	Water Heater Replacements - direct material and contract labor costs associated ironated with normal replacement of gas water heaters and conversions burners.	\$95,768.41
9010	JPB03	Maine AMR project - Replace obsolete gas meters and installing AMR devices	\$454,555.74
9011	EDG01	Unscheduled additions and/or replacements of Office Furniture and Equipment	\$893.10
9012	JPB09	Costs associated ironated with the installation of outside regulators and upstream shut-offs for high pressure services identified as part of the NOPV Stipulation.	\$1,392,501.41
9013	EAG03	Replacement of tools and equipment utilized by the gas department.	\$24,501.44
9014	GPB01	Cost associated ironated with unscheduled improvements or replacements within the Portland facast ironity.	\$18,907.77
9018	ECN01	Compliance Management System Phase 2 - upgrading various records systems	\$62,326.49
9019	ECN02	Phase 2 of the upgrading of the Mobile Dispatch System (MDS) for the Service Department	\$108,047.61
9020	JPB08	Distribution System MAOP Compliance	\$51,176.07
9021	EAG05	Tools Replacement Gas Systems	\$0.00
9022	EAG01	Purchase level II FR clothing protection for gas workers	\$105,114.34
9023	JPB01	Asphalt restoration for local projects completed in 2008 - Distribution Systems Improvements	\$1,755,701.60
9026	JPB02	Asphalt restoration for local projects completed in 2009 - Distribution Systems Improvements	\$604,827.46
9029	GPB06	Replace two overhead garage doors at the back of the storeroom/garage	\$15,150.45
9030	JHB01	Replace 500 linear feet of 6" PE pipe with 500 linear feet of 8" high density PE pipe on Veranda St, Portland	\$67,882.52
9031	JHB02	Replace 250' of 4", 6" and 10" CI main with 6" high density PE main on Ray St, Portland	\$132,800.11
9032	JHB03	Replace 1,850' of 12" cast iron low pressure main with 1,850 high density PE intermediate pressure main on Read St, Portland	\$248,980.96
9033	JHB04	Replacement of 800' of 8" cast iron LP with 8" high density PE IP on Ocean Ave, Portland	\$1,254,655.56
9034	JPB07	Adjust sizing of Regulator Stations to achieve 3 to 1 ratio for Capacast ironity Compliance	\$195,858.61
9035	JHB05	Replacement of 200' of 6" cast iron with 200' of 6" high density PE on Maine Ave and 500' of 8" cast iron with 500' of 8" high density PE on Washington Ave, Portland	\$108,129.61
9036	JHB06	Replacement of 1,750' of 4" cast iron with 1,750' of 2" high density PE on Gleckler Rd, Portland	\$49,629.83
9037	JHB07	Replacement of 1,200' of 6" cast iron with 4" high density PE on Florida Ave and 125' of 6" cast iron with 4" high density PE on Texas Ave, Portland	\$155,274.35
9038	JHB08	Edgewood Ave CSO Project	\$69,924.42
9039	JHB09	Replacement of 800' of 4" cast iron with 800' of 2" high density PE and 500' of 2" direct bury with 2" high density PE on Canco Rd, Portland	\$121,114.05
9041	JHB11	Replacement of 1,700' of 4" cast iron with 1,700' of 2" high density PE on Wellington Rd, Portland	\$184,313.77
9045	JHB12	Replacement off 1,800' of 4" cast iron with 1,800' of 2" high density PE on Walton Rd, Portland	\$118,589.04
9046	JHB13	Replacement of 250' of 4" cast iron with 250' of 2" high density PE on Greenleaf Ave and upgrade pressure from low to intermediate.	\$23,999.42
9047	JHB14	Replacement of 600' of cast iron main with 600' of 2" high pressure PE on Madison St. in Portland	\$53,357.52
9048	JHB15	Replacement of 500' of 4" cast iron with 2" high pressure PE on Everette St, Portland.	\$28,665.33
9050	JPB04	Critical valve installations and refurbishment of existing valves on high pressure distribution system.	\$462,365.31
9051	JHB17	Replacement of 800' of 4" cast iron with 800' of 4" high pressure PE on W. Kidder St, Portland.	\$68,724.37
9052	JHB18	Replacement of 1,000' of 4" cast iron with 1,000' of 2" high pressure PE on Fernald St, Portland.	\$98,621.51

Expenditures From 12/1/2008 - 11/30/2009

Northern - Maine

Auth No.	Const Budget No.	Project	Total Amount Expended
9054	JHB19	Replacement of 700' of 4" cast iron with 4" high pressure PE on Washburn Ave, Portland.	\$18,809.02
9055	JAB01	Install new 350' of 8" high pressure PE mains from Veranda St to property on Martins Point	\$53,065.76
9056	ECG03	Install SCADA at regulator stations in the Maine Division including firewall to maintain security and field communications	\$53,126.77
9057	JPN01	Install of new 250' of 4" high pressure PE main for new commercast ironal service on 335 Forest Ave, Portland	\$31,783.84
9058	ECG02	Replace obsolete Bristol 3330 RTU's.	\$10,968.84
9059	ECN03	Unit Pricast Ironing Phase 2	\$7,300.80
9061	JAB02	Install new 1,200' of high pressure PE to 190 Birch St, Lewiston, Lewiston	\$70,793.33
9062	JAB03	New 300' x 2" high pressure main extension at 102-109 Cumberland Rd, South Portland.	\$7,135.37
9063	JAB04	Install new 2,400' of 4" high density PE main on North Temple St, Lewiston	\$248,544.00
9064	JHB20	Install new 2,400' of 4" high density PE main on Dartmouth St, Portland	\$8,393.86
9065	JHB21	Replacement of 425' of 4" cast iron with 4" of high density PE on Weymouth St, Portland, Maine	\$86,929.67
9066	JHB22	Replacement of 160' of 8" CS on the bridge that spans the RR on Washington St., Auburn	\$108,145.18
9067	JAB05	Install two new 400' of 2" high pressure PE on Warren Ave	\$32,206.40
9068	JAB06	Install 900' of 4" high pressure PE on Union St, Saco and 500' of 4" high density PE and 220' of 2" high density PE on property of Thornton Academy to feed three buildings on school property.	\$80,590.82
9071	JHB23	Replacement of 1,100' of 2" high density PE main on Carlyle St, Portland.	\$10,782.77
9072	JHB24	Replacement of 300' of 4" cast iron with 4" high density PE on Lowell St; Replacement of 200' of 4" cast iron with 4" high density PE on Burnham St; Replacement of 600' of 2" Aldylade with 2" high density PE on Park Ave, Portland	\$67,637.12
9073	JHB25	Replacement of 400' of 3" cast iron with 4" high pressure PE on High St, Westbrook.	\$32,353.27
9074	ECN04	Gas Dispatch Hot Standby This project will create a back up system for Gas SCADA communications to field RTUs / PLCs in places of the existing dial-up back up communications	\$18,000.00
9075	JHB26	Replacement of 500' of 1.25" BS with 2" high density PE on Brookside Dr, South Portland	\$17,217.70
9076	JHB27	Replacement of 500' of 1.25" BS with 2" high density PE on Phillips Rd, South Portland	\$12,871.48
9077	ECN05	Converting Plant Records to ODI system	\$1,220.64
9078	JAB08	Provide gas service to Woodwinds Apartments	\$37,394.48
9082	JAB10	Installation of 3,500' of 4" high pressure PE on Minot Ave., Auburn, ME and install 400' of 2" high density PE on the Army Reserve Property.	\$59,661.28
		Totals:	\$13,310,227.28

Note: Staff 1-2 Attachment 1 showed \$13.282 million for Northern ME division which was under reported by ~\$28K compared to this schedule showing \$13.310 million

Expenditures From 12/1/2008 - 11/30/2009

Northern - New Hampshire

Auth No.	Const Budget No.	Project	Total Amount Expended
8009	MAO09	2008 and Prior Carryover projects from Acquisition of Northern NH - Normal additions, replacements, improvements of gas distribution systems, including upgrade and strengthen gas main (all associated ironated materials, sand gravel, paving and trucking of soils) plus additional costs associated with replacement and improvements to gas mains and services required under 49 CFR 192	\$261,519.07
8010	MBO09	2008 and Prior Carryover projects from Acquisition of Northern NH - Normal additions, replacements, improvements of gas distribution systems, including upgrade and strengthen gas main (all associated ironated materials, sand gravel, paving and trucking of soils) plus additional costs associated with replacement and improvements to gas mains and services required under 49 CFR 192	\$92,133.27
8012	MDO09	Abandoned Gas Services during 2009, completed in accordance with federal requirements under CFR Title 49 (49 CFR 192.727) and the unanticipated ironated additional cost associated with increased building, demolition and abandonment of service stubs during leak investigations.	\$1,788.48
8013	MEO09	Gas Service Upgrades during 2008 - costs associated with normal replacement of gas services	\$2,000.69
8014	MFO09	Gas Meters - Company - materials and supplies for company requirements in 2008 and installation costs.	\$51,918.91
8015	MGO09	Gas Meters - Customer - labor and materials required for the installation of metering and piping on customer driven projects.	\$80,248.81
9000	MAB09	Gas Distribution System Improvements - Normal additions, replacements, improvements of gas distribution systems for 2009, including upgrade and strengthen gas main (all associated ironated materials, sand gravel, paving and trucking of soils) plus additional costs associated with replacement and improvements to gas mains and services required under 49 CFR 192	\$372,208.37
9001	MBB09	New Gas Services - New service installations throughout the gas distribution system during 2009, less customer contributions.	\$828,644.51
9002	MCB09	Corrosion Control - Provide cathodic protection to coated steel pipe on the high pressure and low pressure distribution systems throughout the service territory. These section of main are identified through our on going corrosion control inspection program.	\$23,628.54
9003	MDB09	Abandoned Gas Services during 2009, completed in accordance with federal requirements under CFR Title 49 (49 CFR 192.727) and the unanticipated ironated additional cost associated with increased building, demolition and abandonment of service stubs during leak investigations.	\$55,029.58
9004	MEB09	Gas Service Upgrades during 2009 - costs associated with normal replacement of gas services	\$156,114.96
9005	MFB09	Gas Meters - Company - materials and supplies for company requirements in 2009 and installation costs.	\$727,652.35
9006	MGB09	Gas Meters - Customer - labor and materials required for the installation of metering and piping on customer driven projects.	\$501,929.87
9007	MJB09	New Water Heater installs - direct material and contract labor costs associated with normal replacement of gas water heaters and conversions burners.	\$24,344.66
9008	MKB09	Water Heater Replacements - direct material and contract labor costs associated with normal replacement of gas water heaters and conversions burners.	\$69,466.10
9010	EDG04	Unscheduled additions and replacements of office furniture and equipment for 2009.	\$767.72
9011	GPB01	Unscheduled improvements or replacement of structures within the Portsmouth facility.	\$10,470.00
9012	ECG01	Purchase two way radios for either replacement or addition to newly purchased or existing vehicles.	\$2,535.00
9013	EAG03	Additions and replacement of tools and equipment utilized by the gas department.	\$9,460.66
9015	ECN01	Enhance the existing CMS system including: 1) gas plant records update, 2) interface MDS with CMS, 3) update compliance modules 4) create standard compliance reports.	\$57,569.02
9016	ECN02	Phase 2 of the upgrading of the Mobile Dispatch System (MDS) for the Service Department	\$105,038.68
9019	JCB03	Replace approximately four miles of bare steel main in the NH distribution system. 1) State St. Portsmouth-8" C main replacement with 8" plastic and replace 30 services. 2) No. Shore Rd. Hampton-replace 1 1/4" BS main w/ 2" plastic and replace 37 services 3) Spinney Rd. Portsmouth-retire 4" BS main, transfer 10 services to existing 6" CS main, 4) Levitt Rd. Hampton-replace 1 1/4" BS main w/ 2" plastic main and replace 34 services.	\$3,033,722.53
9022	JHB01	State is replacing culvert crossing, 8' steel sleeve inserted with 96" PI over existing culvert.	\$0.00
9024	JHB03	Low pressure main replacement of 4" and 3" bare steel and cast iron mains, replacing 113 services, and moving any inside meters outside.	\$280,904.18
9025	JHB04	Relocate our gas lines that are in conflict with State project. Construct a 42" road box, replace the existing 6" steel line going through a 25' box culvert. Main replacement of 900', 12" steel main, replace with 12" PI main, new main location will be under sidewalk at a depth of 36" of cover, and 6 associated services will also have to be relocated to a depth of 5' under roadway.	\$199,195.96
9026	JHB05	Relocate our gas lines in conflict with State project. Five locations to relocate 6" PI main to accommodate drainage lines and one-way feeds.	\$8,305.98
9027	EAG05	Additions and replacement of tools and equipment utilized by the gas department.	\$3,776.76
9029	JAB02	Extend a 4" main and services approximately 2,850' to meet load requirements. Customer to provide trench and backfill.	\$102,113.73
9030	EAG01	Provide Level II FR clothing protection and Breathable Air equipment for distribution gas workers.	\$155,796.14
9031	ECG03	Replace one obsolete Bristol 3330 RTU as part of the multi-year Gas SCADA replacement project.	\$3,935.25
9032	ECN03	Enhance the unit pricing system by creating a secure public web-site for contractors to approve "pre-agreed upon" invoices for A/P's payment.	\$6,739.20

Expenditures From 12/1/2008 - 11/30/2009

Northern - New Hampshire

Auth No.	Const Budget No.	Project	Total Amount Expended
9035	EAG04	Normal addition and replacement of tools and equipment utilized by the Meter Dept and Instrument Technicians.	\$6,763.04
9036	JPN02	Replace broken 4" valve, an 8" tee and install two 8" valves.	\$16,165.40
9037	ECN04	One of four authorizations to evaluate and implement a hot standby back up option for Gas Dispatch and Gas SCADA telecommunications.	\$18,000.00
9038	JAB03	Extend a 2" HDPE main 3,800' to serve 53 residences on three streets.	\$30,912.04
9039	ECN05	Add Gas Plant Records to ODI enabling the FERC allocation of gas units and the closing of gas projects. Also enables importing into plant CPR ledger and updating Plant Accounting.	\$976.51
9041	JAB04	Install 1,400 feet of 2" high-pressure plastic main and one 25', 2" service to hook up service to a back up generator.	\$3,162.91
9042	JHB06	Replace 300' of 3"BS with 300' of 6" HDPE. Tie main into an existing 6" stub.	\$62,174.67
		Totals:	\$7,367,113.55

NORTHERN UTILITIES, INC.
COST RATE BASED ON NET PROCEEDS
\$25,000,000 Senior Unsecured Notes

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ISSUE	Maturity	OUTSTANDING AMOUNT	ISSUANCE COSTS	NET PROCEEDS OUTSTANDING (3)-(4)	ANNUAL ISSUANCE COST (4)/(2)	ANNUAL INTEREST COST Rate * (3)	TOTAL ANNUAL COST (6)+(7)	COST RATE BASED ON NET PROCEEDS (8)/(5)
5.29% Sr. Unsecured Note: 10 Yrs		\$ 25,000,000	\$410,000	\$ 24,590,000	\$ 41,000	\$ 1,322,500	\$ 1,363,500	5.54%

NORTHERN UTILITIES, INC.
WEIGHTED AVERAGE COST OF CAPITAL AS OF SEPTEMBER 30, 2006
Performed for the Issuance and Sale of \$25,000,000 Senior Unsecured Notes
(\$ In Millions)

	Actual				Adjustments Amount	Pro Forma			
	Amount	% of Total	Cost Rate (a)	Weighted Cost Rate		Amount	% of Total	Cost Rate (a)	Weighted Cost Rate
Imputed NiSource Debt	\$60.8	41.2%	4.96%	2.05%	-	\$60.8	33.8%	4.96%	1.68%
Balance - Existing Northern LTD	19.2	13.0%	7.55%	0.98%	-	19.2	10.6%	7.55%	0.80%
New Senior Unsecured Notes	0.0	0.0%		0.00%	25.0	25.0	13.9%	5.54%	0.77%
Total Long Term Debt	80.0	54.2%		3.03%	25.0	105.0	58.3%		3.25%
Common Equity	67.5	45.8%	9.67%	4.43%	7.5	75.0	41.7%	9.67%	4.03%
Total	\$147.5	100.0%		7.45%	\$32.5	\$180.0	100.0%		7.28%

(a) Cost rate based on net proceeds