



Corporate Offices: 2001 Rexford Road
Charlotte, NC 28211
704-365-7300

September 20, 2011

Mr. Michael Smith
Unitil Corporation
325 West Road
Portsmouth, NH 03801

Dear Mike:

National Gypsum is writing this letter in an attempt to extend our current natural gas agreement with Northern Utilities/Unitil for five additional years. If an acceptable agreement can not be made, National Gypsum will be forced to pursue other alternatives, mainly to bypass Unitil's facilities and construct a direct connection into the interstate natural gas pipeline located 6700 feet from our existing meter set. We estimate the cost to construct a by bypass facility to be approximately [REDACTED] million. This would allow us to terminate our natural gas service from Unitil. In turn, Unitil will lose all revenue generated by National Gypsum's purchase of natural gas delivery services. See attached Exhibit A for further details on the bypass project.

As you are aware, the general housing industry is currently in an economic downturn not seen since the great depression of the 1930's. The gypsum industry which has been directly affected by tight credit and the housing downturn is operating at approximately 26% of its capacity and, in turn, the industry is struggling to minimize plant closures and working under severely reduced work schedules. National Gypsum's Portsmouth wallboard facility, which has been in operation for over 30 years, is also feeling the pain of this economic downturn. The single largest cost to operate this facility is fuel, specifically utility-delivered natural gas. During the last 10 years we have been operating under a competitive disadvantage related to LDC delivery charges. We are currently paying a negotiated volumetric rate of [REDACTED] for local delivery. Georgia Pacific (GP), our nearest competitor, has opted to take advantage of the interstate main line located approximately 1.25 miles from our plant and has bypassed Unitil. Georgia Pacific (GP) has a major cost advantage by not paying local distribution charges to Northern/Unitil. Ultimately, if this situation is left unchecked, it will drive us out of business in this region. In fact, our Portsmouth facility competes with our own plants that can produce the same products at lower cost. To stay competitive, we are being forced to service the fringe area of this service territory with our Burlington, NJ facility which has a much lower delivered natural gas cost (i.e. half the cost paid by the Portsmouth facility). The Burlington, NJ facility's LDC charges are fixed with no escalation at [REDACTED]. To date we have closed a number of plants, 5 to be specific, due to their high cost structure and their inability to compete in their respective regions. Our upstate Albany, NY plant is a prime example of what can happen when energy costs are left unchecked – the Albany plant has not operated for the past 3 years.

At this critical time, when our existing agreement will be expiring, we are requesting an extension to the existing agreement. A five year extension will give National Gypsum the needed price stability and assist us in keeping operating costs stable. The Portsmouth facility employs 65 full time employees and also supports approximately 120 indirect jobs (maintenance, truck drivers etc.). As the second largest building material supplier in the nation it is very important that we have a competitive facility in the region to complement our national distribution system.

In summary, National Gypsum is one of the largest end-users in the Northern/Unitil gas distribution system and during the most recent contract which is about to expire we have been a steady revenue stream to Northern Utilities (now Unitil). The current contract which is about to expire on 30 November 2011 needs to be extended until 30 November 2016. National Gypsum has made a beneficial contribution to Northern/Unitil in excess of [REDACTED] of revenue during the term of the contract. In addition, National Gypsum requests eliminating any minimum payment obligation in the event of plant closure with a 60 day written notice.

Please feel free to contact me at 704-365-7505 to discuss this matter if any questions arise. Thank you for your time.

Sincerely,

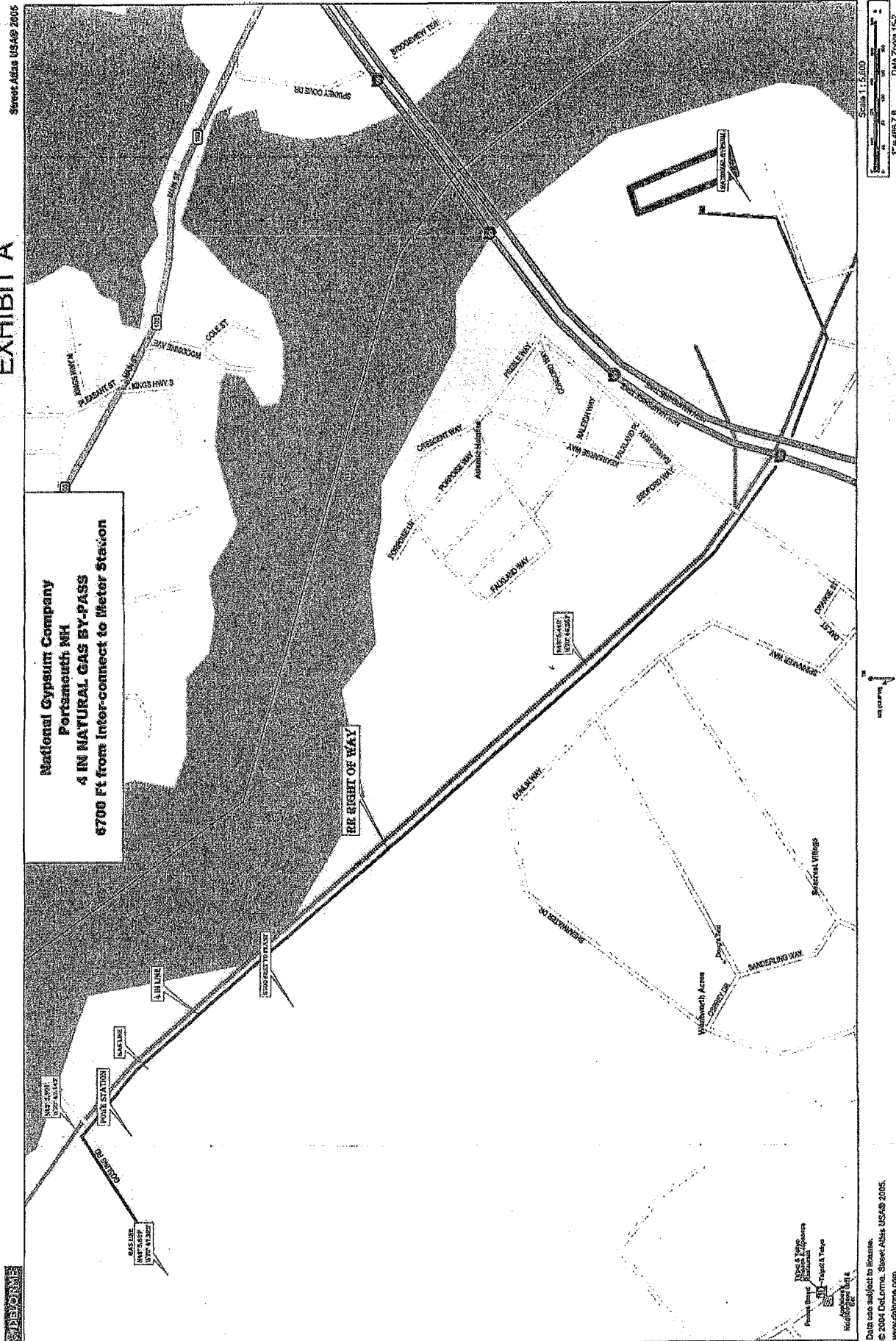


Jim Ruggiero

Director of Energy Procurement

EXHIBIT A

Street Address US.AQ 2005



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Corporate Offices: 2001 Rexford Road
Charlotte, NC 28211
704-365-7300

CONFIDENTIAL

September 20, 2011

To: Portsmouth File

Subject: **Natural Gas Pipeline Bypass Project:**

As of September 2011 the following information illustrates the approximate scope and cost of a natural gas bypass project at National Gypsum's Portsmouth Facility. Please keep this information Confidential.

Plant's requirement will be a maximum of 2700 MMBtu's per day on **Firm Uninterruptible Service.**

The hourly load will not exceed 120 MMBtu's per hour.

Plant Operations are 5-7 days per week. The plant runs 24 hours during days of operation.

Cost Estimates:

6700 ft of 4 inch pipe: \$ [REDACTED]

Meter Station: [REDACTED]

Railroad Right of Way: [REDACTED]

Tie in fee: [REDACTED]

Project with a 10% contingency cost will be approximately [REDACTED] estimated excluding internal engineering.

Our Charlotte Engineering group would lead on the project.

Estimate time to complete: 180 days weather permitting

A handwritten signature in black ink, appearing to read "Jim Ruggiero".

Jim Ruggiero

Director of Energy Procurement

SPECIAL FIRM TRANSPORTATION AGREEMENT

This Agreement is made and entered into as of this 2nd day of August 1999, by and between Northern Utilities, Inc., a New Hampshire corporation, with headquarters at 300 Friberg Parkway, Westborough, Massachusetts (hereafter called "Northern" or "Company"), and National Gypsum Company with offices at 2001 Rexford Road, Charlotte, NC 28211 (hereafter called "National" or "Customer"), pursuant to the following recitals and representations:

RECITALS

Whereas, Customer desires Northern to transport on a firm basis such volumes of gas procured by Customer from a supplier (hereafter called "Customer's Supplier") for use at Customer's facility located at 1 Succi Drive, Portsmouth, NH (hereafter called "Point of Delivery" or "National Facility"); and

Whereas Northern, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, and the conditions, limitations and provisions hereof, is willing to transport and deliver to Customer on a firm basis such volumes of third party gas delivered by Granite State Gas Transmission, Inc. (hereafter called "Customer's Transporting Pipeline") to Northern's distribution facilities located at Newington, NH (hereafter called "Point of Receipt"); and

Whereas, Customer has agreed to make minimum payments to Northern during the term of this Agreement; and

Whereas, the parties acknowledge that this Agreement is subject to the prior approval of the New Hampshire Public Utilities Commission ("PUC"); and

Whereas, the parties acknowledge that the Company shall complete distribution system upgrades in order to provide firm service hereunder and that such upgrades shall be undertaken solely in reliance upon Customer's request for service hereunder.

Now, Therefore, in consideration of the premises and mutual covenants contained herein the receipt and sufficiency of which is hereby acknowledged, Northern and Customer agree as follows:

ARTICLE 1 : MAXIMUM DAILY TRANSPORTATION QUANTITY

Northern shall be obligated to transport and deliver to Customer from the Point of Receipt to the Point of Delivery during any Gas Day up to a Maximum Daily Transportation Quantity of 27000 therms.

RPC

ARTICLE 2: DAILY DELIVERY SERVICE

The Customer elects Daily Delivery Quantities of 0 (Zero) therms for the purpose of managing Daily Imbalances.

ARTICLE 3: RATES AND CHARGES

The special rates and charges for Northern's Firm Transportation Service provided hereunder are set out below. In addition to such rates and charges, Customer shall be subject to all charges and fees set out in the Company's General Terms and Conditions and Transportation Terms and Conditions, as such terms and conditions are in effect from time to time. Customer's payment obligations hereunder shall commence as of the Service Commencement Date, as that term is defined in Article 5.

- Monthly Customer Charge (initial): [REDACTED]
- Special Firm Transportation Rate (initial): [REDACTED] per therm for all volumes delivered to Point of Delivery

In each and every contract year during the initial term or any continuation period (or part thereof) of this Agreement, the Customer shall use and/or pay Northern for transportation services for a minimum of Two Million Five Hundred Thousand (2,500,000) therms of natural gas, the Minimum Annual Payment Obligation; \$ [REDACTED] (based upon initial transportation rate, this dollar value will change with application of inflation escalator). In the event Customer fails to meet such annual minimum, the Customer, when billed by the Company, shall pay the Minimum Annual Payment Obligation to the Company based upon the special transportation rate then in effect. The Minimum Annual Payment Obligation shall be calculated by multiplying the difference between 2,500,000 therms and the actual volume of gas transported during a contract year times the then effective Special Transportation Rate. No refund or credit shall be due Customer for any contract year where it has transported more than the 2,500,000 therms of natural gas. The provisions of Article 7 hereof will govern the determination of amounts due upon termination of this Agreement. This Article 3 shall be interpreted so as not to double count any amounts due under Article 7 hereof.

Example of Minimum Annual Payment Obligation Calculation:

During each contract year of the Agreement
Customer minimum annual requirement – 2,500,000 therms
Actual gas usage during particular contract year – 1,500,000 therms (Assumption)
Then current transportation rate – \$ [REDACTED] (Assumption)

Required Minimum Annual Payment Obligation Payment:
(2,500,000 therms – 1,500,000 therm) x \$ [REDACTED]

For Illustrative purposes

Upon completion of the initial term of this Agreement (as defined in Article 4), the Company will determine the cumulative average of gas usage over the initial term. The Customer shall have used and/or paid Northern for transportation services for an annual cumulative average of Five Million (5,000,000) therms per year during the initial term of the

Agreement. In the event the Customer fails to meet such cumulative average, the Customer, upon presentment of an invoice by the Company, shall pay the "Cumulative Transportation Shortfall Payments" based on the special transportation rate in effect at the close of the initial term. Such shortfall payment shall be calculated by multiplying the difference between 50,000,000 therms and the actual volume of gas transported from the Service Commencement Date times the then effective Special Transportation Rate. No refund or credit shall be due Customer where it has transported more than the 50,000,000 therm cumulative requirement hereunder. The provisions of Article 7 hereof will govern the determination of amounts due upon termination of this Agreement. This Article 3 shall be interpreted so as not to double count any amount due under Article 7 hereof.

Example of Cumulative Transportation Shortfall Payment Calculation:

At completion of Initial Term of Agreement – 10 years
Customer cumulative requirement – 5,000,000 therms x 10 years = 50,000,000 therms
Actual gas usage over ten year period – 49,500,000 therms
Transportation rate at completion of initial term – [REDACTED] (Assumption)

Required Cumulative Transportation Shortfall Payment:
(50,000,000 therms – 49,500,000 therm) x [REDACTED]

For Illustrative purposes

Either party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine the books and records of the other party to the extent reasonably necessary to verify the accuracy of any representation, statement, charge, payment, or computation made under this Agreement. This examination right shall not be available with respect to proprietary information not directly relevant to this Agreement.

The Parties agree that Northern may apply an annual inflation adjustment to the Special Rate and Customer Charge each year beyond the second year of this Agreement and any extension hereof. For example, if the Service Commencement Date occurs in 1999, the first annual CPI-U inflation adjustment shall take place in year 2001. Such adjustment to the initial Special Rate and Customer Charge shall be based upon changes in the "Consumer Price Index for Urban Consumers, U.S. City Average, All items, 1982-84 = 100" published monthly by the Bureau of Labor Statistics of the United States Department of Labor ("CPI-U"). For purposes of this Agreement, the CPI-U is the national index unadjusted for seasonal fluctuations.

Immediately following the second anniversary of the Service Commencement Date and annually thereafter, the Special Rate and the Customer Charge due and payable with respect to the next twelve (12) month period ("contract year") shall be recalculated by multiplying the then effective Special Rate and Customer Charge by a fraction, the numerator of which shall be the CPI-U for the month of the Service Commencement Date for the then current year, and the denominator of which shall be the CPI-U for the month of the Service Commencement Date for

the previous year. However, in no event shall fluctuations in the CPI-U reduce the Special Rate or Customer Charge below the then current Special Rate or Customer Charge. The Special Rate will be recalculated and rounded to the fourth decimal point.

Example of CPI-U Adjustment Calculation:

(For illustrative purposes only- text of Agreement shall control actual calculation of CPI-U adjustment) (Assuming Service Commencement Date in August).

Then effective Special Rate
and Customer Charge

X

CPI-U for August of Current Year
CPI-U for August of previous contract
year

If the CPI-U is no longer published, a comparable index mutually and reasonably agreeable to the parties shall be used or in the event such index ceases to use the 1982-84 average of 100 as the basis of calculation, or if a substantial change is made in the terms or number of items contained in such index, any CPI-U adjustment hereunder shall be modified in order to achieve the inflation adjustments originally intended by the parties hereunder.

ARTICLE 4: TERM

This Agreement shall continue in full force and effect for an initial term of ten (10) years from the Service Commencement Date. This Agreement shall further continue thereafter for successive one-year periods, unless terminated by the Customer or the Company with at least six (6) months written notice to the other party prior to end of the initial term or any applicable renewal period. Such written notice to terminate shall be addressed to (i) Northern at the address noted below, and (ii) the Customer at the National Facility, and mailed by U.S. certified mail, return receipt requested, first class postage pre-paid, or sent by nationally recognized delivery service (e.g. FedEx, UPS, etc.), and must be received by the other party no later than six (6) months prior to the end of the initial term or any applicable continuation period. Notices to the Company must be addressed to Northern Utilities, Inc., c/o Bay State Gas Company, 300 Friberg Parkway, Westborough, MA 01581, Attention: Director of Pricing Services with a copy to Northern Utilities, Inc., 325 West Road, Portsmouth, NH 03801 Attention: Michael Smith.

ARTICLE 5 : EFFECTIVE DATE/COMMENCEMENT OF SERVICE

This Agreement shall become effective on the date first written above; provided, however, that Northern shall be under no obligation to render service to Customer hereunder, and Customer shall have no payment obligations hereunder, until the PUC shall have issued a final and non-appealable order approving this Agreement in form and substance acceptable to Northern and National, each in its sole discretion. Northern and the Customer agree to cooperate to obtain such an order as soon as practicable after the date hereof.

Northern's obligation to provide the transportation services contemplated hereby and Customer's obligation to take and pay for such services shall commence upon completion of the necessary distribution upgrade required to supply firm service hereunder; provided, however, if

Customer is in Material Default or otherwise breaches its obligations hereunder prior to the Service Commencement Date, the Company shall be entitled to the remedies provided for in Article 6 hereof. (The required upgrade consists primarily of replacement of 2,350 feet of 4-inch main with 8-inch main). Service to be provided hereunder shall commence upon the first Calendar Day of the first full month following the PUC's approval hereof and each party's acceptance of same, as set out above and Northern's completion of required upgrades, (the "Service Commencement Date").

ARTICLE 6: MATERIAL DEFAULT

THE FOLLOWING CONSTITUTE EVENTS OF MATERIAL DEFAULT:

(a) Where Customer (i) files for or becomes subject to a proceeding under federal or state bankruptcy or insolvency law seeking liquidation or reorganization, or the readjustment of indebtedness (unless such proceeding shall be dismissed within sixty (60) days from the date it is instituted); (ii) makes an assignment for the benefit of creditors, becomes insolvent, or is unable to pay its debts generally as they become due; (iii) consents to the appointment of any receiver, administrator, liquidator or trustee or its property or any receiver, administrator, liquidator or trustee shall be appointed for all or any part of the property of Customer; or (iv) takes any action for the purpose of effecting any of the foregoing. (b) Where the National Facility is taken by exercise of the right of eminent domain or its equivalent by any person or entity. In any proceeding to determine the condemnation award shall introduce this Agreement as evidence of Customer's damages. (c) Where Customer conveys, loses or relinquishes its right to own or operate or occupy the National Facility to any person. (d) Where Customer abandons ownership, occupancy or operation of the National Facility. (e) Where Customer fails to make all reasonable efforts to restore the National Facility to full or substantially full operating condition following any casualty loss or any other disturbance to operations and such failure continues for at least sixty (60) days. (f) Where Customer transfers ownership, occupancy rights or operational control of the National Facility, to any person or entity. (g) Where Customer fails to perform or advises Company in advance that it shall not perform an obligation under this Agreement including, but not limited to, pay any amount due hereunder.

The Customer shall provide written notice of the occurrence of any event of Material Default immediately upon its initiation or learning of the occurrence of such event; such notice shall be given even if the event of Material Default can be cured or mitigated as described herein.

ARTICLE 7: TERMINATION/ACCELERATION

In addition to, and independent of, the parties' rights specifically provided for elsewhere in this Agreement, in the event of the occurrence of a Material Default, the Company shall have the right, but not the obligation, to terminate this Agreement upon prior written notice to the Customer. Further, in the event of Customer's Material Default as a result of which Northern terminates this Agreement, all amounts (past, current and future) due hereunder, including, but not limited to, all costs associated with the distribution system upgrade (when such termination occurs prior to the Service Commencement Date), all Cumulative Transportation Shortfall Payments and/or Minimum Annual Payment Obligations, which would have been due during the remaining term of this Agreement, shall become immediately due and payable to Northern. Any termination of this Agreement and/or acceleration of amounts due hereunder by Northern

pursuant to this Article 7 shall not limit Northern's rights or ability to claim or obtain any other remedies it may have under this Agreement or at law or in equity including without limitation, injunctive relief and specific performance.

Example of Early Termination Calculation-Termination during initial term:

A.

Initial Term of Agreement – 10 years

Agreement terminated during year 8 (Assumption)

Customer cumulative requirement – 5,000,000 therms x 10 years = 50,000,000 therms

Actual gas usage over eight year period – 48,000,000 therms (Assumption)

Transportation rate at termination - [REDACTED] (Assumption)

Required Cumulative Transportation Shortfall Payment:

(50,000,000 therms – 48,000,000 therm) x \$ [REDACTED] / therm = \$ [REDACTED]

B.

Initial Term of Agreement – 10 years

Agreement terminated during year 8 (Assumption)

Customer cumulative requirement – 5,000,000 therms x 10 years = 50,000,000 therms

Actual gas usage over eight year period – 52,000,000 therms (Assumption)

Transportation rate at termination - \$ [REDACTED] (Assumption)

Required Cumulative Transportation Shortfall Payment:

(50,000,000 therms – 52,000,000 therm) x [REDACTED] = \$0

For Illustrative purposes

Example of Termination Calculation subsequent to initial term:

A.

Contract Year 11

Agreement terminated during contract year 11

Customer minimum annual requirement – 2,500,000 therms

Actual gas usage during contract year 11 through termination – 1,200,000 therms

(Assumption)

Transportation rate at termination - [REDACTED] (Assumption)

Required Minimum Annual Payment Obligation:

(2,500,000 therms – 1,200,000 therm) x [REDACTED] /therm = \$ [REDACTED]

B.

Contract Year 11

Agreement terminated during contract year 11

Customer minimum annual requirement – 2,500,000 therms

Actual gas usage during contract year 11 through termination – 2,600,000 therms

(Assumption)

Transportation rate at termination - [REDACTED] : (Assumption)

Required Minimum Annual Payment Obligation:

(2,500,000 therms – 2,600,000 therm) x [REDACTED] therm = \$ 0

For Illustrative purposes

ARTICLE 8: LIMITATION OF LIABILITY

The Company shall be excused from performing and shall not be liable in damages or otherwise if and to the extent that it shall be unable to do so or prevented from doing so: by law or regulation or tariff or by action or inaction or restraint of any court or public authority having or purporting to have jurisdiction; or by loss, diminution or impairment of gas supply from its suppliers or the systems of others with which it is interconnected; or by a break or fault in its distribution system; or failure or improper operation of equipment necessary for gas distribution; or failure of any supplier to perform; or by reason of storm, flood, fire, earthquake, unusual and severe weather condition, explosion, civil disturbance, labor dispute, act of God or public enemy; or any other cause, whether or not similar thereto; except, to the extent that any such failure to perform or cause is the result of the Company's willful default. The Company's failure to settle or prevent labor disputes shall not constitute willful default.

In no event shall the Company be liable to Customer or any third party for any consequential, indirect, punitive or special damages or lost profits, whether arising in tort, contract or otherwise, by reason of any services performed, or undertaken to be performed, under this Agreement or in accordance with or required by tariff, law or regulation.

ARTICLE 9: PUBLIC REGULATION

This Agreement and National and the Company shall be subject to Northern's General Terms and Conditions and Transportation Terms and Conditions as same are in effect from time to time and on file with the New Hampshire Public Utilities Commission. Such terms and conditions are made a part of this Agreement to the extent those terms and conditions are not inconsistent with the provisions of this Agreement; in the event of a conflict, the provisions of this Agreement shall govern. Upon Customer's request, Northern shall provide the Customer with copies of Northern's complete filed tariff and terms and conditions.

ARTICLE 10: AGREEMENT IN ITS ENTIRETY/ASSIGNMENT

This Agreement and the materials referenced herein constitute the entire agreement of the parties for transportation service at the Special Rate to the Customer's Facilities, and there are no oral or written understandings or agreements between Northern and Customer relating to the subject matter of this Agreement other than those expressed herein. The parties agree that the Standard Firm Transportation Service Agreement entered into by the parties concerning the National Facility shall terminate upon the later of the Service Commencement Date or Customer's fulfillment of all obligations under the Standard Agreement.

Either party may, without relieving itself of its obligations under this Agreement, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Agreement or any of the rights and obligations hereunder shall be made unless there first shall have been obtained the written consent of the other party.

ARTICLE 11: OTHER IMPORTANT PROVISIONS

If any provision of this Agreement is found to be invalid, all of the remaining provisions of this Agreement shall nonetheless remain in full force and effect. This Agreement shall not be interpreted either more or less favorably toward any party by virtue of the fact that such party or its counsel was responsible or principally responsible for the drafting of all or a portion hereof. Captions and headings are for convenience only and shall not effect the interpretation hereof. Language contained in Recitals shall have the same contractual significance as any other language in this Agreement. This Agreement is entered into and shall be construed in accordance with the laws of the State of New Hampshire. All claims, suits or actions with respect to this Agreement shall be brought and heard in a state or federal court located in the State of New Hampshire or brought before the PUC, as appropriate.

Provisions of this Agreement shall be modified, waived, discharged or terminated only by a written instrument signed by the authorized officers of both parties. Waiver by the Company or the Customer, in any one or more instances, of any term, condition, or provision of this Agreement shall not be considered a waiver of such provisions in the future or any other term, condition, or provision.

This Agreement is entered into solely for the benefit of the parties and is not intended to confer third party beneficiary status on any other entity or person. This Agreement may be

executed in counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signatures which the Company and Customer agree shall be as binding as original signatures.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement by their duly authorized officers:

Northern Utilities, Inc.

By: R. P. Cencini

Name: R. P. CENCINI

Title: VP

Date: 8/2/99

National Gypsum Company

By: GERARD P CARROLL

Name: GERARD P CARROLL

Title: SVP

Date: 7/23/99



November 1, 1999

Northern Utilities, Inc.

Thomas B. Getz
Executive Director & Secretary
New Hampshire Public Utilities Commission
8 Old Suncook Road
Concord, NH 03301-7319

Re: Docket No. DT 99-123: Petition for Approval of a Special Firm Gas
Transportation Agreement

Dear Mr. Getz:

Enclosed for filing in Docket DT 99-123, please find an amendment to Special Contract No. 99-02. Northern is filing this amendment in compliance with Order No. 23,314.

The amendment modifies Article 4 of the Special Contract and limits the term of the Special Contract to ten years. The Company and the Customer agree that any extension of the Special contract beyond the initial term of ten years shall require approval by the New Hampshire Public Utilities Commission.

Please contact me if you have any questions concerning this matter. Thank you.

Sincerely,

Paula A. Strauss

Paula A. Strauss
Manager, Product and Service Development

cc: Susan Geiser, Esquire

Amendment of Agreement

This Amendment is made and entered into as of the 30th day of October, 1999 by and between Northern Utilities, Inc. ("Northern") and National Gypsum Company ("Customer"), individually a "party" and collectively the "parties".

Whereas, the parties entered into a Special Firm Transportation Agreement dated, August 2, 1999 (the "Agreement"); and

Whereas, the parties desire in compliance with PUC Order No. 23, 314-DG99-123 (the "Order") to amend their Agreement.

Now Therefore, pursuant to the Order, Article 11 of the Agreement, and in consideration of the exchange of mutual promises and mutual benefits to be derived from this Amendment and for other good and valuable consideration the receipt and sufficiency is hereby acknowledged, the parties agree as follows:

Article 4: Term

Article four is stricken and replaced with the following:

"This Agreement shall continue in full force and effect for an initial term of ten (10) years from the Service Commencement Date. The Customer and Company agree and acknowledge that any extension of this Agreement beyond the initial term shall require PUC approval. Such approval must be in form and substance acceptable to Northern and Customer, each in its sole discretion."

All undefined capitalized terms included in this Amendment have the same meaning as assigned to them in the Agreement. The recitals set forth above are an integral part of this Amendment and shall have the same contractual significance as any other language.

This Amendment may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together shall constitute one instrument. This Amendment shall be effective upon its execution by both Northern and the Customer and shall continue in effect throughout the term of the Agreement as amended.

All other provisions of the Agreement shall remain in full force and effect. The Agreement, as hereby amended, constitutes the entire agreement of the parties with respect to transportation service at the Special Rate to the Customer's Facility, and there are no other oral or written understandings or agreements between the parties relating thereto.

IN WITNESS WHEREOF, Northern and the Customer have caused this Amendment to be executed by their duly authorized officers as of the day and year first written above.

NATIONAL GYPSUM COMPANY

By: [Signature]
Name: GERARD P. CARROLL
Title: SVP

NORTHERN UTILITIES, INC.

By: [Signature]
Name: Jeffrey W. Yundt
Title: President

Second Amendment of Agreement

This Second Amendment of Agreement ("Second Amendment") is made and entered into as of the 16 day of October, 2009 by and between Northern Utilities, Inc. ("Northern" or "Company") and National Gypsum Company ("National" or "Customer"), individually "a party" and collectively "the parties."

Whereas, the parties entered into a Special Firm Transportation Agreement dated August 2, 1999 ("the Agreement") and entered into an Amendment of Agreement dated October 30, 1999 ("the First Amendment");

Whereas, the initial term of the Agreement will expire on November 30, 2009;

Whereas, the parties desire to extend the terms and conditions of the Agreement for two (2) years beyond the expiration date of the initial term of the Agreement;

Now Therefore, pursuant to Article 11 of the Agreement, and Article 4 of the Agreement as amended by the First Amendment, and in consideration of the exchange of mutual promises and mutual benefits to be derived from this Second Amendment, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Article 4: Term

Article 4 of the Agreement as amended by the First Amendment is stricken and replaced with the following:

"The initial term of this Agreement shall continue in full force and effect for a term of ten (10) years from the Service Commencement Date. Thereafter the Agreement shall continue in full force and effect for a term of two (2) years from the expiration of the initial term. The Company and Customer agree and acknowledge that this two (2)

year extension requires the approval of the New Hampshire Public Utilities Commission ("PUC") in accordance with Order No. 23, 314 in DG 99-123 dated October 5, 1999. Such approval must be in form and substance acceptable to the Company and Customer, each in its sole discretion."

All undefined capitalized terms included in this Second Amendment have the same meaning as assigned to them in the Agreement. The recitals set forth above are an integral part of this Second Amendment and shall have the same contractual significance as any other language.

This Second Amendment may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together shall constitute one instrument. This Second Amendment shall be effective upon its execution by both Northern and the Customer, provided however, that Northern shall be under no obligation to render service to the Customer under the Agreement as amended, and the Customer shall have no payment obligations under the Agreement as amended, until the PUC shall have issued a final and non-appealable order approving this Second Amendment in form and substance acceptable to Northern and the Customer, each in its sole discretion. Northern and the Customer agree to cooperate to obtain such an order as soon as practicable after the date hereof.

All other provisions of the Agreement shall remain in full force and effect. The Agreement, as hereby amended, constitutes the entire agreement of the parties with respect to transportation service at the Special Rate to the Customer's Facility, and there are no other oral or written understandings or agreements between the parties relating thereto.

IN WITNESS WHEREOF, Northern and the Customer have caused this Second
Amendment to be executed by their duly authorized officers as of the day and year first
written above.

NATIONAL GYPSUM COMPANY

By: [Signature]

Name: SIM R. GIGIERO

Title: DIRECTOR EMERGENCY
PROCUREMENT

NORTHERN UTILITIES, INC.

By: [Signature]

By: MARK H. COLLINS

Title: TREASURER

Third Amendment of Agreement

This Third Amendment of Agreement ("Third Amendment") is made and entered into as of the 12th day of October, 2011 by and between Northern Utilities, Inc. ("Northern" or "Company") and National Gypsum Company ("National" or "Customer"), individually "a party" and collectively "the parties."

Whereas, the parties entered into a Special Firm Transportation Agreement dated August 2, 1999 ("the Agreement"), an Amendment of Agreement dated October 30, 1999 ("the First Amendment"), and a Second Amendment of Agreement dated October 16, 2009 ("the Second Amendment");

Whereas, the term of the Agreement as extended by the Second Amendment will expire on November 30, 2011; and

Whereas, the parties desire to extend the terms and conditions of the Agreement and to modify same to relieve the Customer of certain payment obligations in the event that its wallboard manufacturing plant in Portsmouth, New Hampshire closes.

Now Therefore, pursuant to Article 11 of the Agreement and in consideration of the exchange of mutual promises and mutual benefits to be derived from this Third Amendment, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Article 4: Term

Article 4 of the Agreement as amended by the First and Second Amendments is stricken and replaced with the following:

"This Agreement shall continue in full force and effect until November 30, 2016. Thereafter, this Agreement shall continue in full force and effect for up to three (3)

successive one-year periods, unless terminated by the Customer or the Company with at least (6) months written notice to the other party prior to the expiration of any applicable continuation period. Such written notice to terminate shall be addressed to (i) Northern at the address noted below, and (ii) the Customer at the National Facility, and mailed by U.S. certified mail, return receipt requested, first class postage pre-paid, or sent by nationally recognized delivery service (e.g. FedEx, UPS, etc.), and must be received by the other party no later than six (6) months prior to any applicable continuation period. Notices to the Company must be addressed to: Northern Utilities, 325 West Road, Portsmouth, NH 03801, Attention: Michael Smith."

2. Commission Approval

The Company and Customer agree and acknowledge that to the extent that this Third Amendment purports to extend the term of the Agreement, it requires the approval of the New Hampshire Public Utilities Commission ("Commission") in accordance with Order No. 23, 314 dated October 5, 1999 issued in Docket No. DG 99-123. Such approval must be in form and substance acceptable to the Company and Customer, each in its sole discretion.

3. Article 7: Termination/Acceleration

Article 7 of the Agreement is amended by adding the following language:

"Notwithstanding the foregoing provisions of this Article 7, in the event that the National Facility is permanently closed and ceases to operate, and so long as written notice is provided to Northern at least sixty (60) days prior to the Facility's closure/permanent cessation of operations, the Customer shall not be liable for any

Minimum Annual Payment Obligation incurred during the year of said Facility closure/permanent cessation of operations.”

4. Other Provisions

All undefined capitalized terms included in this Third Amendment have the same meaning as assigned to them in the Agreement. The recitals set forth above are an integral part of this Third Amendment and shall have the same contractual significance as any other language.

This Third Amendment may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together shall constitute one instrument. This Third Amendment shall be effective upon its execution by both Northern and the Customer, provided however, that Northern shall be under no obligation to render service to the Customer under the Agreement as amended, and the Customer shall have no payment obligations under the Agreement as amended, until the Commission shall have issued a final and non-appealable order approving this Third Amendment in form and substance acceptable to Northern and the Customer, each in its sole discretion. Northern and the Customer agree to cooperate to obtain such an order as soon as practicable after the date hereof.

All other provisions of the Agreement as amended shall remain in full force and effect. The Agreement, as hereby amended, constitutes the entire agreement of the parties with respect to transportation service at the Special Rate to the Customer's Facility, and there are no other oral or written understandings or agreements between the parties relating thereto.

IN WITNESS WHEREOF, Northern and the Customer have caused this Third
Amendment to be executed by their duly authorized officers as of the day and year first
written above.

NATIONAL GYPSUM COMPANY

By: 

Name: JIM RUGGIERO

Title: DIRECTOR ENERGY PROCUREMENT

NORTHERN UTILITIES, INC.

By: 

By: MARK H. COLLINS

Title: TREASURER

798549_1.DOC

Northern Utilities - Estimate of Bypass

Project Name: National Gypsum By-Pass

Auth #

Division: Portsmouth, NH

Est By: PHIL J

Est. Date: 10/14/11

Main: M1

Street: Gasling Rd

From: Granite State Pipeline

TC

To

Begin Co

Begin Co

... ..

Begin Confidential

QUANTITY	ITEM #	MATERIAL DESCRIPTION			
6700	80-81512	PIPE 4 IN IPS PE3408 PLASTIC		LF	
40	50-50791	COUPLING 4 IN IPS ELECTROFUSION		EA	
2	80-85134	VALVE 4 IN HDPE POLYVALVE BALL		EA	
1	80-61601	RISER 4 IN IPS SDR-11 PE3408		EA	
7	50-61674	TAPE 6 IN X 1000 FT MARKING		EA	
14	00-00000	WIRE 500FT ROLL		EA	
4	50-60574	CAP 4 IN IPS PLEXCO BUTT END		EA	
0	00-00000	NA	\$0.00	EA	\$0.00
0	00-00000	NA	\$0.00	EA	\$0.00
0	00-00000	NA	\$0.00	EA	\$0.00
0	00-00000	NA	\$0.00	EA	\$0.00
		Miscellaneous Fittings	20%		
				TOTAL	

QUANTITY	ITEM #	UNION LABOR	PRICE	UOM	TOTAL
150	00-001	Inspector	↓	HR	↓
0	00-000	NA	\$0.00	-	\$0.00
0	00-000	NA	\$0.00	-	\$0.00
0	00-000	NA	\$0.00	-	\$0.00
0	00-000	NA	\$0.00	-	\$0.00
				TOTAL	\$4,572.00

[illegible]

QUANTITY	ITEM #	PASS THROUGH ITEMS	PRICE	UOM	TOTAL
3600	27-060	Police Detail pass through	\$1.00	DL	RED
0	27-065	Police Detail Pass through Overtime	\$1.00	DL	\$0.00
0	27-070	Flagger pass through	\$1.00	DL	\$0.00
0	27-075	Flagger - pass through Overtime	\$1.00	DL	\$0.00
0	26-125	Misc Pay Item Pass through Dollar Amount	\$1.00	DL	\$0.00

TOTAL: REDIRECTED

Direct Costs/FY

RECEIVED

Direct Total

End Confidential

REDACTED

Schedule NU-1-7
Page 1 of 2

National Gypsum - Value of Service Estimate
Results Summary for a 10 Year Return
Annual MCF Usage of: REDACTED

First Year Rate	Customer's	Net			Profit	Depreciation	Income	Total Net	Total Net	P.V. OF	Payback
Year	Investment	Revenue	O&M	Property Tax	Before Taxes	20 Year Class	Taxes	Income	Cash Flow	Cash Flow	Calculation
1	REDACTED								(\$1,750,000)	(\$1,750,000)	(\$1,750,000)
2											
3											
4											
5											
6											
7											
8											
9											
10											
Total	REDACTED										

10 Year Return:
IRR
NPV
Payback
Annual MCF
Firm Net Rev.
Rate Per DT
*Annual Revenues include a monthly customer charge of \$789

National Gypsum - Value of Service Estimate
Results Summary for a 10 Year Return
Annual MCF Usage of: REDACTED

Year	Customer's Investment	Net Revenue	O&M	Property Tax	Profit Before T	Depreciation 20 Year Class	Income Taxes	Total Net Income	Total Net Cash Flow	P.V. OF Cash Flow	Pay-back Calculation
1	REDACTED										
2											
3											
4											
5		REDACTED									
6											
7											
8											
9											
10											
Total	REDACTED										

10 Year Return:
IRR
NPV REDACTED
Payback
Annual MCF
Firm Net Rev
Rate Per DT
* Annual Revenues include a monthly
customer charge of \$

Original 1999 Filing - Escalated
 Northern Utilities, Inc - New Hampshire Division
 National Gypsum Company
 Marginal Cost Analysis

<u>Line</u>	<u>Description</u>	<u>Notes</u>
1	<u>Marginal Cost Data</u>	
2		
3	Customer Charge	per month
4	Pressure Support	per design day Dt
5	Main Reinforcement	per design day Dt
6	Main Extension	per design day Dt
7		
8	<u>Customer Data</u>	
9	Annual Usage	Dt
10	Design Day - Actual Peak Day	Dt
11		
12	<u>Marginal Revenue Requirement</u>	
13	Customer	line 3 * 12 months
14	Pressure Support	line 4 * line 10
15	Main Reinforcement	line 5 * line 10
16	Main Extension	line 6 * line 10
17	Total	sum (line 13 to 16)
18		
19	<u>Marginal Cost Floor - All Components</u>	
20	Revenue Requirement	line 17
21		
22	Customer Charge	per month
23	Remaining Revenue	line 20 - line 13
24	Volumetric Charge -	per Dt

End Confidential

2011 Rate Case (as of 10/14/11)
Northern Utilities, Inc - New Hampshire Division
National Gypsum Company
Marginal Cost Analysis

<u>Line</u>	<u>Description</u>	<u>Notes</u>
	Begin Confidential	
1	<u>Marginal Cost Data</u>	
2		
3	Customer Charge	per month
4	Pressure Support	per design day Dt
5	Main Reinforcement	per design day Dt
6	Main Extension	per design day Dt
7		
8	<u>Customer Data</u>	
9	Annual Usage	Dt
10	Design Day - Actual Peak Day	Dt
11		
12	<u>Marginal Revenue Requirement</u>	
13	Customer	line 3 * 12 months
14	Pressure Support	line 4 * line 10
15	Main Reinforcement	line 5 * line 10
16	Main Extension	line 6 * line 10
17	Total	sum (line 13 to 16)
18		
19	<u>Marginal Cost Floor - All Components</u>	
20	Revenue Requirement	line 17
21		
22	Customer Charge	per month
23	Remaining Revenue	line 20 - line 13
24	Volumetric Charge -	per Dt
	End Confidential	