



September 18, 2008

BY OVERNIGHT MAIL

Deborah A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429



RE: DG 08-048 Unitil Corporation and Northern Utilities, Inc.
DG 08-079, Unitil Corporation

Dear Director Howland:

Pursuant to Section 8.4 of the Settlement Agreement filed in the above-referenced docket on August 15, 2008, Unitil hereby provides an update to the New Hampshire Public Utilities Commission and the Parties of the status of Unitil's debt financing efforts. Unitil is pleased to report that on September 12, 2008, it successfully priced \$90 million of Senior Unsecured Notes ("Notes") to partially fund the acquisition of Northern Utilities, Inc. ("Northern") and Granite State Gas Transmission, Inc. ("Granite"). Following the close of the acquisition of Northern by Unitil, \$80 million of Northern Notes will be issued and \$10 million of Granite Notes will be issued. Exhibit 1 identifies the four purchasers of the Notes and details of the coupon rate calculation and the allocations.

The Northern Notes were priced in two tranches: \$30 million at a fixed coupon rate of 6.95 percent with a 10-year maturity and a 9-year average life and \$50 million at a fixed coupon rate of 7.72 percent with a 30-year maturity and 25.5-year average life. The Notes for Northern bear an all-inclusive blended interest rate of 7.5 percent. See Exhibit 2.

Granite's Notes were priced at a fixed coupon rate of 7.15 percent with a 10-Year maturity and a 9-year average life. Granite's Notes will have a guarantee from Unitil Corporation, which will be terminated in the event that Granite is reorganized and merged with Northern.

Gary Epler
Chief Regulatory Counsel

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During the marketing period, Unitil also offered investors a tranche with a 20-year maturity and 18-year average life. No Notes were allocated to the 20-year tranche, however, due to the higher spread over the interpolated U.S. Treasury yield that was offered by investors for this maturity, compared to the 30-year final maturity Notes. Simply stated, investors provided superior pricing on the 30-year final maturity Notes. As a result, Unitil decided to combine the 20-year tranche with the 30-year tranche and to lock in the most favorable pricing available on the long end of the yield curve.

The Notes were marketed to 54 institutional investors over approximately two weeks through a private placement process managed by RBC Capital Markets. By the completion of the marketing period, the Company received a variety of bids from investors on all of the tranches. Based upon RBC's analysis of comparable companies and their outstanding note issues, this offering was successful in achieving favorable pricing to comparable public issue transactions recently in the market. Additionally, Unitil achieved a flexible covenant package with very favorable terms and conditions that will allow the Company to manage and operate the business.

As discussed during the hearing before the Commission regarding the Settlement Agreement, the closing on the Notes is scheduled to take place concurrently with the closing of the Transaction, which is currently targeted for early November, assuming timely receipt of all necessary regulatory approvals.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to call me at (603) 773-6440.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler", written over a horizontal line.

Gary Epler
Attorney for Unitil Corporation

Enclosure