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April 3, 2008

VIA ELECTRONIC FILING AND FIRST CLASS MAIL

Karen Geraghty, Administrative Director
Maine Public Utilities Commission
242 State Street
18 State House Station
Augusta, ME 04333

Re: Northern Utilities, Inc., Affiliate Agreement Between Northern and Granite

Dear Ms. Geraghty:

Enclosed please find an original and two (2) copies of a proposed affiliate purchase and sale agreement ("PSA") between Northern Utilities, Inc. ("Northern") and Granite State Gas Transmission ("Granite") regarding Northern's purchase of metering and regulator equipment ("affiliate M&R PSA") from Granite, and Granite's sale of the same to Northern. Northern asks the Maine Public Utilities Commission ("Commission") to approve this affiliate M&R PSA.

Pursuant to the order of the Commission in Docket No. 2007-119, Northern is required to update the Commission relative to Northern's intent with regard to purchasing the stations. See, e.g. Northern Utilities, Inc., Request for Approval of Affiliated Interest Transaction with Granite State Gas Transmission, Inc., Docket No. 2007-919 (Oct. 17, 2007) ("Order"). The Order stated

"We find that [Northern's M&R O&M] Agreement is not adverse to the public interest and, in fact, should assist Northern increase its diligence in managing its system pressure regulation. We also see no problem with Northern operating and maintaining facilities owned by Granite over the long term, should it decide not to purchase them, so long as issues do not arise that impede Northern's ability to operate and maintain its system adequately and at reasonable cost. However, we request that Northern advise us on its decision within 6 months."

Northern has decided to purchase the regulating equipment at the stations and proposes the attached PSA to accomplish the same. Accordingly, in addition to Northern's petition, today's filing includes the proposed affiliate M&R PSA as Attachment Northern-1, which articulates the parameters of the purchase and sale agreement relative to the M&R equipment at the stations in Northern's Maine Division and in its New Hampshire Division. Attachment Northern-1 also has Exhibit "A" -- a schedule of the M&R stations in Maine and New Hampshire; Exhibit "B" -- schematics of the mark of delineation for the M&R stations serving Northern's New Hampshire Division; Exhibit "C" -- Schematics of the mark of delineation for M&R stations serving Northern's Maine Division.

Accordingly, Northern seeks approval by the Commission of Northern's proposed affiliate M&R PSA as consistent with the public interest under 35-A M.R.S.A. sec. 707 and Commission Rules Chapter 820.

Thank you for your attention to this matter. If you have any questions, please feel free to telephone me at 508-836-7394.

Very truly yours,



Patricia M. French

cc: Carol MacLennan, Esq., Hearing Examiner
Lucretia Smith, Utility Analyst
Gary Farmer, Safety Specialist

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DOCKET NO. 2008-____

April 3, 2008

NORTHERN UTILITIES, INC.
Granite State Gas Transmission -
Affiliate M&R PSA

PETITION FOR APPROVAL OF
AFFILIATE AGREEMENT

Pursuant to 35-A M.R.S.A. § 707, Northern Utilities, Inc. (“Northern”) hereby petitions the Public Utilities Commission of the State of Maine (“Commission”) to find that a proposed purchase and sale agreement (“PSA”) by and between Northern and its affiliate, Granite State Gas Transmission, Inc. (“Granite”), regarding Northern’s purchase of metering and regulatory equipment (“affiliate M&R PSA”), is not adverse to the public interest and to give its written approval to the same. Accompanying this Petition is a copy of the proposed agreement, Attachment Northern-1, which itself contains supporting Exhibits “A” through “C.”

As grounds for approval of this Petition, Northern states as follows:

1. Northern is a “public utility” as defined in 35-A M.R.S.A. § 102.
2. Northern is a wholly-owned subsidiary of Bay State Gas Company (“Bay State”).
3. Both Granite and Bay State are wholly-owned subsidiaries of NiSource Inc.

Accordingly, Granite and Bay State are affiliates of each other and of Northern.

Granite is therefore an “affiliated interest” of Northern as set forth in 35-A M.R.S.A. § 707(1).

4. Pursuant to 35-A M.R.S.A. § 707(3), a public utility must secure the

Commission’s written approval for contracts between itself and an affiliated

interest. The Commission will grant such approval upon finding that the contract is not adverse to the public interest.

5. Attachment Northern-1 articulates the terms of purchase by Northern and sale by Granite with regard to the M&R stations in Northern's Maine Division and Northern's New Hampshire Division. Attachment Northern-1 includes the proposed affiliate M&R PSA; Exhibit "A" -- a schedule of the M&R stations; Exhibit "B" -- schematic of the mark of delineation between Granite equipment and Northern's equipment at the New Hampshire Division stations; and, Exhibit "C" -- schematic of the mark of delineation between Granite equipment and Northern's equipment at the Maine Division stations.
6. Granite owns the M&R equipment, which it historically operated on Northern's behalf.
7. On November 1, 2007, pursuant to the approvals granted by this Commission in Docket No. 2007-119, Northern commenced operation, control and maintenance of these facilities until such time as a purchase agreement was negotiated and such a purchase agreement is approved by this Commission.
8. Accordingly, Northern seeks approval by the Commission of Northern's proposed affiliate M&R PSA.

WHEREFORE, Northern respectfully requests that the Commission approve in writing the proposed affiliate M&R PSA, finding that the proposed affiliate M&R PSA is

not adverse to the public interest.

Respectfully submitted,

NORTHERN UTILITIES, INC.

A handwritten signature in black ink, appearing to read 'P. French', is positioned above the typed name and contact information.

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Dated: April 3, 2008