

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

UNITIL CORPORATION
AND
NORTHERN UTILITIES, INC.

DG 08-____

F-4 PETITION FOR AUTHORITY TO
ISSUE SECURITIES

JOINT F-4 PETITION OF UNITIL CORPORATION AND NORTHERN UTILITIES, INC
FOR AUTHORITY TO ISSUE SECURITIES

Unitil Corporation ("Unitil") and Northern Utilities, Inc. ("Northern") ("Joint Petitioners") respectfully petition the New Hampshire Public Utilities Commission ("the Commission") for approval, pursuant to RSA 369: 1, 369:2 and 369:4, and Puc Rule 509.03 for Northern to issue and sell, at par, by private sale, to institutional investors, unsecured promissory notes in an aggregate amount not to exceed eighty million (\$80,000,000) dollars. The proceeds of Northern's debt financing will be used to refinance a portion of Northern's capitalization upon the acquisition by Unitil of Northern, currently pending before the Commission in DG 08-048 (the "Proposed Acquisition"). The Joint Petitioners are submitting this Petition for approval of Northern's financing at this time in order to allow the Commission and the parties in DG 08-048 to review the financing in conjunction with the review of the Proposed Acquisition. In support of its petition, Unitil and Northern represent as follows:

1. Unitil is a public utility holding company incorporated in New Hampshire.

Northern is a public utility organized and existing under the laws of the State of New Hampshire.

2. Northern is primarily engaged in the business of distributing natural gas in various cities and towns in New Hampshire and Maine. Northern is wholly-owned by Bay State Gas Company ("Bay State"), a Massachusetts corporation and public utility holding company that provides natural gas distribution services in Massachusetts. NiSource, Inc. ("NiSource"), an Indiana corporation and public utility holding company, owns all of the common stock of Bay State and of Granite State Gas Transmission, Inc ("Granite").

3. By Joint Petition filed on March 31, 2008, in DG 08-048, Unitil and Northern requested approval under RSA 373:33 and RSA 369:8,II(b) for Unitil, to acquire 100 percent of the common stock of Northern (the "Proposed Acquisition"). The Proposed Acquisition has been structured as an all-cash purchase of the common stock of Northern and Granite. The purchase price will be financed by Unitil through a combination of permanent capital consisting of approximately 50 percent newly issued long-term debt by Northern, subject to approval in this RSA 369 proceeding, and 50 percent common equity issued by Unitil. Any additional working capital requirements will be financed using short-term debt under Unitil's Cash Pooling and Loan Arrangement.

4. To finance the debt portion of the Proposed Acquisition, promissory notes evidencing unsecured long-term debt in an aggregate amount of up to eighty million dollars (\$80,000,000), will be issued by Northern at the subsidiary level, to be sold at par by private placement to institutional investors. The terms of the Notes will range from 10 to 30 years and are to bear fixed annual rates of interest not to exceed 7.5% on an aggregate (weighted average) basis, to be determined through a private placement process.

5. The proposed financing will essentially refinance or replace the NiSource inter-company debt currently included in the capital structure of Northern. The proceeds from the long-term debt financing will be used to provide cash to fund the acquisition by Unitil of Northern debt free.

6. The manner of issuance and sale of the Notes, and the details as to their respective terms, are more fully described in the testimony of Mark H. Collin, Senior Vice President and Chief Financial Officer and Treasurer of Unitil, attached as Exhibit Unitil – MHC-1.

7. Unitil believes that a private placement issuance process is the most cost-effective way to issue the Notes and that it will result in the most beneficial rate and terms.

8. The funded debt and outstanding capital stock, including surplus accounts, of Northern as of December 31, 2007 were as follows (dollars in thousands):

Long Term Debt

<i>Sub-Total</i>	\$ 61,667
Preferred Stock Equity	\$ NA
Common Stock Equity	\$ 1
Premium on Capital Stock	NA
Capital Stock Expense	NA
Paid-in-Capital	\$ 109,175
Retained Earnings	\$ 12,479
<i>Sub-Total</i>	\$ 121,635
Total Capitalization	<u>\$ 183,302</u>

9. The amount of short-term notes outstanding of Northern as of December 31, 2007 are as follows (dollars in thousands):

\$31,058

10. The authorized capital stock of Northern at this time is as follows:

Common Stock: \$10.00 par value, 200 shares. There is no preferred stock.

11. Pursuant to the requirements of PUC Rule 509.03, the following exhibits are attached or will be provided:

Exhibit 1	Application for leave to issue per RSA 369: <u>See</u> Direct Testimony of Mark A. Collin, Exhibit Unitil-MHC-1
Exhibit 2	Estimated Cost of Financing <u>See</u> Exh. Unitil-MHC-1, page 15
Exhibit 3	Current Balance Sheet <u>See</u> Exh. Unitil-MHC-2
Exhibit 4	Current Income Statement <u>See</u> Exh. Unitil-MHC-3
Exhibit 5	Statement of Capitalization Ratios <u>See</u> Exh. 1 Unitil-MHC-1, Schedule MHC-6
Exhibit 6	Purchase and Sale Agreement/Letter of Commitment To be provided
Exhibit 7	Mortgage Indenture Not applicable
Exhibit 8	New Common or Preferred Stock Not applicable
Exhibit 9	Resolution of Governing Body Approving Financing To be provided

12. Northern, the Petitioner utility company, believes and, therefore, alleges that the securities to be issued will be consistent with the public good and that it is entitled to issue said securities under RSA 369 for the purposes set forth in its Petition.

WHEREFORE, the Joint Petitioners respectfully request that the Commission:

1. Find that the proposed issuance and sale, at par value, by private sale, of unsecured promissory notes in an aggregate amount not to exceed eighty million (\$80,000,000)

dollars, for the purposes set forth herein, and in the manner and upon the terms set forth herein and explained in Unitil's supporting testimony, is consistent with the public good;

2. Pursuant to RSA: 369: 1, 2 and 4, approve and authorize the issuance and sale of the Notes in the manner and upon the terms herein set forth and explained in the Joint Petitioners' supporting testimony;

3. Authorize Northern to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financing; and

4. Grant the authorizations sought without hearing, by an order *Nisi* to be effective no later than November 1, 2008, or in the alternative, set a date for hearing hereon, at which the Joint Petitioners may present evidence.

5. Take such further steps and make such further findings and orders as the Commission in its judgment considers wise and expedient.

Dated: May 30, 2008

Respectfully submitted,
Unitil Corporation

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