

B) Go-Live Plan

The Go-Live component of the BIP for the acquisition of Northern and Granite by Unitil presents the steps to be undertaken for the cutover of business processes, functions, data and systems from NiSource and Bay State to Unitil. These cutovers are occurring over an extended period of time beginning just prior to, and with, the closing of the transaction on December 1 and continue until Unitil is operating Northern and Granite independently. As described in Section 2A, NiSource and Bay State will provide transition services for all functions that were not ready to cutover at the closing date or needed additional assistance and will continue to provide them for as long as required by Unitil.

Many of the Go-Live plans called for Unitil to assume responsibility for most corporate and financial functions immediately or in the week after the transaction close. Three functions are anticipated to cutover in the months after the closing including 1) Customer Service, 2) Gas Dispatch and Gas Control and Gas Supply, and 3) Granite Transportation functions. Therefore, there will be a continued reliance on NiSource and Bay State to provide many customer service and other functions for a temporary period of time after closing. NiSource and Bay State will continue to support Unitil's Customer Services functions until all of the customer service functions are tested and all historical and then-current Northern customer data is available to Unitil call center and field service personnel. The Customer Services Go-Live date is currently planned for the first quarter of 2009.

The final functions to transition to Unitil are anticipated to be the Gas Dispatch and Gas Control and Gas Supply and the Granite Transportation functions. These functions will transition in the first and second quarters of 2009.

The Go-Live plans for most corporate and financial functions were successfully executed by specified individuals in the weeks leading up to and following the closing of the transaction on December 1. See First Week Milestones at Appendix C. Extensive

coordination was required among Northern, Granite and NiSource during the weeks before and for an initial period after the Closing depending on the function / process involved.

The Go-Live plans were tied to two key dates: the Closing and the Customer Services Go-Live date.

This section provides the status of Unitil's Go-Live plans. It will identify when a function successfully cutover on or near the transaction close or if the cutover will occur at a future date. This section also identifies certain functions for which transition services are currently anticipated that is consistent with the description provided in Section 2A.

The Go-Live plan is organized by grouping teams that are either closely interrelated (e.g., all of the teams that address the activities of field personnel) or share other common Go-Live attributes. The nine functional groupings used to develop the Go-Live Plans follow:

- (1) Customer Services: billing, collection, and call center functions to be transitioned after Unitil's CIS system is tested and populated with Northern customer data;
- (2) Accounting and Finance: functions transitioned at the closing in order for Unitil to produce a beginning balance sheet and enter post-closing transactions into general ledger accounts;
- (3) Corporate Communications: communications to customers leading up to and following the closing of the transaction occurred on schedule;
- (4) Distribution Field Operations: the dispatching of field crews began on the day of Closing including response to customer inquiries and system operations issues, including responding to gas leaks;
- (5) Gas Supply and Gas Control: contracting for supplies, measuring, dispatching and controlling the flow of natural gas - functions that will transition in scheduled phases as systems are ready;
- (6) Engineering and Operations Management: maintenance and operation of the distribution network, including related planning and reporting functions transitioned at or shortly after the closing;
- (7) Transmission System Management and Operations: transition of the responsibility to operate Granite from NiSource to Unitil will occur in scheduled phases as systems are ready;

- (8) Corporate: numerous corporate responsibilities including payroll, human resources and benefits, legal, regulatory, and corporate governance were assumed by Unitil at the Closing; and
- (9) Infrastructure: administration of new fleet vehicles, modifications to buildings, installation of telecommunications and network equipment, and equipping new employees were assumed on the day of Closing.

(1) Customer Services

The Customer Services teams have the most critical Go-Live responsibilities and their integration plans are among the most complex. Five teams (team number listed) in this functional team grouping have Go-Live responsibilities:

- 140 - Billing & Reconciliation
- 150 - Cash Remittance and Collection
- 160 - Customer Relations
- 260 - Business Services
- 320 - Energy Measurement

Customer Services are supported by Unitil's CIS, a system that is undergoing enhancements and testing to accommodate Northern's customer transactions. As noted above, the Unitil CIS conversion, including testing and verification, will not be completed until the first quarter of 2009 and thus, Unitil will require a broad range of transition services to provide customers with continuous service and a seamless transition to Unitil. These services include continuing to provide CIS services, call center operations and complaint handling, refund processing, updates to billing rates, cash posting, credit and collections, and maintenance of information on Northern's customer website and Energy Measurement (Metering).

The Customer Services Go-Live date will occur at the beginning of a month and is subject to continual assessment based on the status of data conversion and testing results. The Customer Services cutover will be extended for a month at a time, if necessary, until all testing of processes and the CIS system is satisfactorily completed.

The Customer Services functions have many interfaces to other functions including the dispatch of field personnel to execute work orders that are initiated by customer calls. Unitil's team leaders will communicate closely with their NiSource counterparts during the transition services period to ensure that there is no interruption in providing these services. There are also ties between the CIS system and several other systems that process accounting and other financial transactions, requiring the exchange and transfer of data and files between Unitil and NiSource during the transition period.

The Billing and Reconciliation team's Go-Live plan details the cutover from NiSource's CIS to Unitil's CIS, the download and upload of the billing cycles; and notification to vendors, suppliers and state agencies of the CIS Go-Live date. The plan also encompasses the need to run billing reports to check data, verify bill accuracy, and print bills, followed by a full reconciliation of the first billing update.

The Cash Remittance and Collection team's Go-Live plan details the cutover from NiSource's CIS to Unitil's CIS for the remittance and collection functions, the need to notify lockbox providers of the CIS Go-Live date, and the notification to fuel assistance agencies and credit agencies of the CIS Go-Live date. This plan also addresses the need to obtain Northern's final closing collection information.

The Customer Relations team's Go-Live plan addresses the call center implications of the cutover from NiSource's CIS to Unitil's CIS.

The Business Services team Go-Live plan includes the need to execute new contracts with third-party implementation contractors whose contracts are with Bay State and cannot be assigned to Northern Utilities. This team will also need to ensure that incoming sales and Demand Side Management inquiries are responded to appropriately during the period before Unitil's CIS is ready and the Unitil call center receives these customer calls.

The Energy Measurement team's Go-Live plan reflects the fact that meter readers will become Unitil employees at the closing and will continue to read meters following the transaction close. However, the meter readings will continue to feed into NiSource's CIS until Unitil's CIS is fully tested and implemented. In addition, NiSource will continue to read large customer meters (Metscan) until Unitil completes the Metscan conversion process, which is currently anticipated to conclude in March 2009. The requested Transition Services related to the Customer Services conversion are located at Annexes A.1, A.2, A.4, A.5, and A.6. in Appendix A.

Selected Customer Services Go-Live Activities

Team	Go-Live Activity	Date
Energy Measurement, Billing and Reconciliation, Cash Remittance	Final Meter Readings loaded into NiSource CIS, NiSource completes final billing, cash posting, exceptions, closes month end revenue and reconciles. Month end reports are prepared and reconciled	2/24/09 – 2/26/09
Billing and Reconciliation, Cash Remittance, Customer Relations	Unitil receives and loads NiSource data, verifies data, reconciles, data, IA sign-off, Move to production	2/27/09 – 3/1/09
Billing and Reconciliation, Cash Remittance, Customer Relations, Energy Measurement	CIS Go-Live, download meter readings, post cash, run billing, test transactions, test work orders, reconcile	3/2/09

(2) Accounting and Finance

Four teams in this functional grouping have Go-Live responsibilities:

- 30 - Accounts Payable
- 40 - Corporate Accounting
- 50 - Construction Accounting
- 60 - Treasury

The test plans for the financial systems underlying the Accounting and Finance teams were successfully executed by the respective teams and cutover was complete at or near the transaction close with the exception of the first month end accounting close which occurs through the middle of January. Minor transition services were requested by these teams primarily related to the delay of the Customer Services cutover until the first quarter of 2009. Requested transition services are located at Annexes A.3 and A.7 in Appendix A.

Selected Accounting and Finance Current Activities

Team	Go-Live Activity	Date
Accounts Payable, Corporate Accounting, Construction Accounting	Complete 11/30/08 G/L, December Close Vouchers I, Close month of December subsystems for ODI-M&S, Transportation, and Payroll	Week ending 12/20/08
Construction Accounting	Close ODI-Construction and Plant - December	Week ending 12/27/08
Accounts Payable, Corporate Accounting, Construction Accounting	B/S reconciliation thru 11/30/08 provided by NiSource, December Close Vouchers II, Subsystem JE's received for December	Week ending 1/3/09
Corporate Accounting, Treasury	CIS entries for 12/31/08 provided by NiSource, December Cash Pool received, continue to close December books	Until 1/14/09

(3) Corporate Communications

The Corporate Communications team is responsible for ensuring that Northern customers, employees and other important stakeholders are informed about Unital's acquisition of Northern from NiSource.

Several projects were completed during this reporting period including:

- Unital signage and truck decals at Northern locations;
- press releases and follow up media relations on the Closing and sign unveiling event;

- newspaper ads, customer newsletters and Northern and Unitil web updates on welcome, phone numbers, customer account, safety and energy efficiency tips;
- letter to Northern/Granite service territory town emergency responders with town official and customer emergency phone numbers.

The Corporate Communications team does not anticipate requiring transition services at this time.

Selected Corporate Communications Current Activities

Team	Go-Live Activity	Date
Corp. Communications	Install new pipeline marker stickers with emergency phone numbers	Q1 2009
Corp. Communications	Begin general safety ads with CO2 ads	January
Corp. Communications	Begin RP 1162 safety ads	January
Corp. Communications	Meetings with town emergency officials to review emergency procedures and Dig Safe	Q1 2009
Corp. Communications	Web development and testing completed	November 15 – CIS Go-Live Date
Corp. Communications	Web page goes live	CIS Go-Live Date

(4) Distribution Field Operations

The field operations functions involve the dispatch of crews in response to emergencies and for routine work. Crew dispatch is based on work orders that are initiated and closed out through the CIS system. These functions are made possible by mobile data terminals (customized laptops) in the service trucks and radio and cellular communications to and from the trucks. These functions are addressed by the following teams:

- 285 - Field Services Dispatch
- 310 - Energy Production
- 340 - Pressure Regulation
- 380 - Gas Operations Support

440 - Gas Leak Management

Unitil successfully tested and implemented its software solution for mobile communications with the Mobile Data System ("MDS"), a new web-based system that replaces the functionality of Northern's mobile data terminals, which provide for scheduling and dispatch of work orders received through NiSource's customer service center to personnel in the field via cell phone data transfer to field service laptops.

The Go-Live plan for these teams was successfully executed as of the Closing. Transition services were requested by these teams related to the delayed cutover of the CIS. These transition services include after hours (10:30 PM to 6:00 AM, as well as weekend and holidays) dispatching service for emergency activities; and maintenance, dig safe and emergency response activities for the southern New Hampshire service territory for at least two months or until Unitil has hired, trained and equipped a full-time staff to serve this area until Unitil's CIS is operational. Requested transition services are located at Annex A.10 in Appendix A.

(5) Gas Supply and Gas Dispatch and Control

The gas supply function addresses all activities that are necessary to deliver the required volumes of gas each day to customer meters including arranging contracts for supply, transportation and storage, optimizing the reliance on these contracts on a seasonal, monthly and daily basis, scheduling and balancing for sales and transportation customers, and controlling the flow of gas to maintain safety and acceptable operating pressures throughout the distribution system. There are three teams addressing these needs:

- 300 - Gas Supply
- 330 - Gas Dispatch
- 470 - SCADA

The Gas Supply team's Go-Live plan addresses the completion and testing of several responsibilities including pipeline and supply contract management and scheduling,

invoice processing, reporting for regulatory and accounting purposes, capacity assignment and management of the hedging program. The Gas Supply team is actively participating in Bay State's daily gas supply plan meetings, although Bay State continues to execute Northern's daily commitments on behalf of Unitil as a transition service. This arrangement is expected to continue for at least the first two months after the closing. Unitil is planning on transition services as needed for daily operations, gas cost accounting, interruptible billing, regulatory reporting and retail supplier management. See Annex A.9 in Appendix A.

Unitil's comprehensive gas supply management and operations system ("GTRAC") will support many of the gas supply activities; and therefore, the cutover will not occur until certain GTRAC modules are operational. In the interim, Unitil will require transition services for this entire function.

The Gas Dispatch team's Go-Live plan reflects a three-phased transition with Unitil monitoring and Bay State controlling (Phase 1: through January 2009), Unitil controlling and Bay State monitoring (Phase 2: through April 2009), Unitil controlling and monitoring (Phase 3: beginning May 2009). During Phase 1, Unitil dispatchers will shadow Bay State at the Ludlow, MA gas control center and then monitor from a new Unitil dispatch center to be located in the Portsmouth office. The Go-Live plan includes installation of dedicated phone lines to enable remote monitoring in parallel with Ludlow personnel and the addition of a web-viewing terminal in Portsmouth for viewing Ludlow control images.

The SCADA team is responsible for acquisition, installation and commissioning of a SCADA database system. This system will provide system control and data acquisition for all Northern's points and transmit them to both the Bay State dispatch center in Ludlow and to the new Unitil dispatch center in Portsmouth. Although the Unitil SCADA system will provide this information as soon as it is available, the dispatch center operations will follow the three-phase approach described in the preceding paragraph. Unitil has acquired transition services for NiSource to assist in the testing and commissioning of the new

SCADA system. During the initial stages, both companies will rely on the existing NiSource system to provide data to both dispatch centers via a live web-link viewer, essentially providing a redundant information path. Unitil will be able to monitor and train in parallel with Ludlow during all three transition phases utilizing this web viewer or the new SCADA system.

Selected Gas Supply and Gas Control Go-Live Activities

Team	Go-Live Activity	Date
Gas Supply	Perform capacity assignments in a test environments	December 31
Gas Supply	Execute daily supply decisions	From one week after closing until no longer necessary
Gas Supply	Verify, process and pay supplier invoices	December 15
Gas Dispatch	Initial testing of GTRAC	December 31
Gas Supply	Prepare monthly CGA report	December 31
Gas Supply	Terminate NiSource access to Northern's gas supply assets	At end of transition services

Unitil will require transition services in the Gas Dispatch and Control area for up to six months or through the winter heating season. NiSource will provide training to Unitil dispatchers throughout this period. See Annex A.8 in Appendix A.

(6) Engineering and Operations Management

There were several distribution engineering and operations functions that Unitil enhanced in order to support Northern service areas. These enhancement efforts were generally "one-time" efforts and had limited Go-Live aspects. These teams include:

- 350 - Engineering & System Design
- 360 - Engineering & Regulatory Reporting

- 370 - Construction
- 390 - Procedures Manuals
- 400 - Material Procurement
- 410 - Stock Code
- 420 - Distribution System Maintenance
- 430 - Damage Prevention
- 450 - Corrosion Control
- 460 - GIS
- 480 - Drawing Management
- 490 - Land-Related Documents
- 500 - Occupational Safety

The test plans for the Engineering and Operations Management teams were successfully executed by the respective teams and cutover was completed at or near the transaction close. Minor transition services were requested by these teams primarily related to engineering regulatory reports. Requested transition services are located at Annex A.13 in Appendix A.

(7) Transmission System Management and Operations

The activities necessary to Go-Live with the acquisition of Granite are covered by two distinct teams:

- 510 - Gas Transmission Management
- 520 - Gas Transmission Operations

The test plans for the Gas Transmission Operations teams were successfully executed by the respective teams and cutover was completed at or near the transaction close.

In contrast, the Gas Transmission Management team's Go-Live plan reflects a cutover from NiSource's transmission group of a set of responsibilities that are not currently provided by either Northern or Unitil; but are provided by NiSource's subsidiary, Columbia Gas Transmission. These include the cutover of pipeline administration functions, informational electronic bulletin board ("EBB") posting, regulatory reporting & compliance,

invoicing, and accounting responsibilities. The Granite EBB will be maintained by the same third-party vendor that currently provides services to NiSource.

Selected Transmission System Go-Live Activities

Team	Go-Live Activity	Date
Gas Transmission Management	Pipeline administration functions including nominations & scheduling, tracking of customer OBAs	Until cutover of gas dispatch and control
Gas Transmission Management	Invoice processing	Until cutover of gas dispatch and control

Unitil will need a broad set of transition services to cover the management functions, including administrative functions and invoicing, at least until such time as the SCADA, GTRAC and CIS (for shipper billing) systems are operational and Unitil is controlling and monitoring the gas transmission system. The administrative functions include processing pipeline nominations, confirmations, scheduling, and reconciliation of nominations and actual receipts. Unitil will also require transition services to manage the execution of maintenance activities on Granite including creation and closing of work orders. Requested transition services are located at Annex A.11 in Appendix A.

(8) Corporate

The corporate functions are support functions required to pay employees and satisfy legal and regulatory requirements and include the following teams:

- 10 - Internal Audit
- 20 - Payroll
- 180 - Human Resources
- 190 - Benefits
- 200 - Insurance
- 210 - Risk Management/Environmental
- 220 - Corporate Governance
- 230 - Legal
- 240 - Affiliate Rules/Standards
- 250 - Regulatory

The Corporate functions successfully executed test plans and cutover systems or processes on or near the transaction close. The Regulatory team will work closely with NiSource throughout the transition to ensure that Northern continues to meet the numerous scheduled filing and reporting obligations that will occur in the months following the closing. Requested transition services are located at Annex A.12 in Appendix A.

(9) Infrastructure

The infrastructure teams were responsible for transferring the facilities that are being acquired (located in Portsmouth and Portland) as well as relocating employees among offices, providing network and telecommunications systems, and assuming ownership of Northern's vehicle fleet. There are three infrastructure teams:

270 - Facilities

280 - Northern Fleet and Facilities

540 – Network / Telecommunications

The infrastructure teams successfully cutover systems and processes at or near the closing date of the transaction. The Portsmouth location is undergoing renovations for a new Dispatch / Gas control center and relocation of certain employees. The project is expected to be completed in the first quarter of 2009.