



June 2009

**UNITIL / NORTHERN
TRANSITION PLAN REPORT**

UNITIL / NORTHERN
Transition Plan Report
 June 15, 2009

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SECTION 1: EXECUTIVE SUMMARY

The Transaction Closing (“Closing”) occurred on Monday, December 1, 2008. On that date, Unitil Corporation (“Unitil” or the “Company”) acquired all of the stock of Northern Utilities, Inc. (“Northern”) and Granite State Gas Transmission, Inc. (“Granite”). Immediately following the Closing, Unitil’s integration of Northern’s and Granite’s operations into the Unitil system of companies moved from the planning and preparation phases into the implementation phase.

The planning and preparation for the integration of Northern and Granite had been underway for over six months prior to the Closing. Most of Northern’s and Granite’s business functions were successfully assumed by Unitil’s management during the first two weeks following the Closing. Certain functions, principally Customer Service and Gas Purchasing, Management and Dispatch continue to be supported by NiSource, Inc (“NiSource”) under the Transition Services Agreement (“TSA”) between Unitil and NiSource and its affiliates, including Bay State Gas Company (“Bay State”).

The Customer Service functions, including customer billing, cash remittance and call center operations, will remain with Bay State through the second quarter of 2009 when these functions will transition to Unitil’s Customer Service Center. The business functions necessary to provide Customer Service to all of Northern’s 52,000 customers are planned to transition at the beginning of July 2009, **with Unitil assuming independent responsibility for all of Northern’s customer service functions on the morning of July 6, 2009.** Comprehensive test plans and milestones were developed between the companies to ensure the quality control of customer information before, during and after the conversion cutover. The final step-by-step customer service “GO LIVE” plans are contained in this report.

The test plans and the performance of the final pre-conversion validation tests were substantially complete as of June 15, 2009 and have been reviewed and attested to by

Unitil's Internal Audit staff. The remaining test procedures to be performed during the period from June 15 until the Go Live Customer Information System ("CIS") conversion launch on Thursday evening, July 2, involve the Functional Integration Team leaders running through their final checklists of conversion procedures and staff responsibilities: See Exhibit F for example.

The transfer of the CIS portfolio data from NiSource to Unitil is scheduled to begin on Friday, July 3 and be completed on Saturday, July 4. On Saturday evening, July 4, Unitil will validate the CIS portfolio data transfer and confirm to NiSource. The Customer Service functions, which serve Northern's customers, will be performed by Unitil's staff with a scheduled Go-Live date of 12:00am on Monday, July 6, 2009. Contingency plans have been developed whereby NiSource would continue to perform the Customer Service functions for Northern's customers should problems be encountered which would require the transfer of the CIS portfolio data to be terminated and postponed. The plan includes decision points when certain teams, in conjunction with Unitil Internal Audit staff, will determine if the conversion can proceed as scheduled. Specifically, the plan consists of five checkpoints from July 2 to July 6 that are decision points to either continue or to terminate the conversion. Refer to the detail Unitil / Northern Utilities CIS Go-Live Plan in Appendix F. Unitil and NiSource have successfully transferred and validated the conversion of Northern's CIS portfolio data to Unitil CIS test systems on two separate test environments/occasions: March 31, 2009 and May 31, 2009. See Appendix G: Unitil's Internal Audit report, June 15, 2009.

The CIS test plans and the final pre-conversion validation tests are on schedule as of June 15, 2009 and the Companies are prepared to execute the CIS Go-Live plan for July 3-6, 2009. Unitil's functional integration teams have completed the testing of all aspects and interfaces required to complete the CIS conversion. The Validation Testing process encompassed the successful completion of three stages of the CIS conversion in a Test

Environment: Stage 1 – Verify the conversion of Northern’s customer portfolio to Unitil’s CIS at a month end; Stage 2 – Verify the operation (metering, billing, cash remittance, customer service) of the Northern customer service functions in the Unitil CIS Test Environment, including all other systems which interface with Unitil’s CIS system [see diagram at Appendix D]; and Stage 3 - Verify the successful month-end closing processes, including interfaces, for the Northern customer portfolio, can be achieved in the Unitil CIS Test Environment. Also refer to Appendix G: Unitil’s Internal Audit Report, June 15, 2009. Unitil replicated its CIS production environment in a separate “Test” environment to receive all transferred CIS portfolio data from NiSource for the validation testing procedures.

Unitil completed comprehensive Validation Testing on the February, March, and May Northern customer portfolios, involving thousands of individual account tests, which included testing for customer account attributes such as customer rate classes and customer status, as well as tests for the financial integrity of transferred accounts and software functionality. The initial Validation Testing of the February conversion resulted in recommended changes to the conversion processes which NiSource’s and Unitil’s system development staff integrated into the conversion routines. The follow-up testing of the February re- converted portfolio provided a specific set of tasks for the Unitil and NiSource system development staff to address. In May, the March customer portfolio was converted (in “Test”) after recommended changes to the conversion process were made and targeted validation tests of the customer account attributes were completed successfully. The Validation Testing phase resulted in the resolution of the remaining issues which provides additional assurance of the accuracy, validity and completeness of the portfolio conversion. In addition to the resolution of the conversion issues, a list of items was identified to be addressed manually (“special handling portfolio”) by Unitil staff prior to implementation in the production environment. This level of attention to certain accounts or work processes requiring this “special handling” at the time of the conversion further ensures the

completeness, accuracy and validity of the data transfer. Finally, in June, a conversion of the May customer portfolio was performed (in "Test") simulating the July 2-6, 2009 Go-Live closing schedule and timeline in order to identify any procedural adjustments required for the actual Go-Live weekend event. Unitil's Internal Audit staff has reviewed the test plans and supporting documentation of all testing performed related to the conversion of the CIS and related interfaces. See Internal Audit report – June 15, 2009 at Appendix G. Unitil is committed to transition Northern's customer service functions after successfully testing all phases of that transition and only when Unitil is ready to independently perform those functions.

In addition, customer communications are ongoing during the month of June. A customer bill insert entitled "Get Ready, Get Set..." is included in the customers' June bills describing upcoming changes to bills, account numbers, on-line services and payment methods. See Appendix H. Information is also available on the Northern and Unitil websites outlining transition information and dates which will continually be updated on the Web and Integrated Voice Response system ("IVR") up to the conversion date. The plan also includes steps to e-mail on-line customers to ensure the details of the transition are further communicated in a proactive manner. See Appendix F – Unitil / Northern Utilities CIS Go-Live Plan.

In past Transition Plan Reports, we updated you on draft Go-Live plans and estimated timelines for execution, provided details on Unitil's communication plans to Northern's customers and employees and provided information regarding the two major components of Unitil's Transition Plan: a) the TSA between Unitil and NiSource and its affiliates, and b) the Business Integration Plan ("BIP"). In addition, we reported on the execution of our plan including the execution and initial operation of the TSA.

Generally, the functions that were assumed by Unitil at, or just after, the Closing have been operating well and our managers have worked out minor issues in workflow and

paperwork as we went along. The current emphasis of the Company's efforts is focused on the transition of the Customer Service functions and related processes and systems. In addition, the Gas Dispatch and Control function and the Granite Transportation function continue to progress toward completion. The integration plans for these functions continue to be executed for completion during the third quarter of 2009.

Transition services under the TSA began on December 1, 2008 and have been provided for over five months. The first notification to extend transition services was due 45 days prior to the expiration of the Initial Term, which ended on March 31, 2009. Unitil provided written notice for the First Extension Period to NiSource on February 13, 2009. Unitil's written notice to extend Transition Services for the Second Extension Period, to ensure there is no interruption or diminution to the quality of service to customers, was provided to NiSource on May 15, 2009. See Appendix B – Second notice.

In this June Transition Plan Report, we provide: a) a Transition Services overview, b) a summary of expenditures to date, c) the final executed TSA, and d) the TSA Annexes describing the services to be rendered under the agreement. The executed TSA and accompanying Annexes were filed with the MPUC and NHPUC on Thursday, December 4, 2008.

The second component of the Transition Plan, the BIP, contains the individual, functional Go-Live plans prepared by Unitil's Functional Integration Team Leaders ("FIT's") in conjunction with their NiSource and Bay State counterparts. The June Transition Plan Report includes a report on the continued progress that was made to finalize and execute those plans to cutover responsibility for Northern's and Granite's business functions to Unitil at the Closing. In this report, we summarize: a) the functional Go-Live plans update with an emphasis on the status of the Customer Services testing and conversion plan, and b) the expenditures for integration projects.

Unitil has committed to provide these Transition Plan Report updates monthly, on the 15th of each month throughout the transition period. Unitil will provide the next update on July 15, 2009 and will continue to provide monthly updates until the transition is completed.

SECTION 2: TRANSITION SERVICES – UPDATE

A) Transition Services Agreement – Overview

The TSA is an integral component of the Transition Plan because it provides for the smooth transition of Northern and Granite to Unitil by ensuring that there is no interruption or diminution to the quality of service to customers as Northern and Granite are fully integrated into Unitil. A copy of the TSA is provided as Appendix A to this report. The TSA acts as the Transition Plan “safety net” to remain in place only as long as needed. The TSA only covers those services that Unitil requires and only for a time period that Unitil elects.

The TSA provides for the general contractual terms and conditions and also includes 13 Annexes, which represent specific services to be provided during the transition period. In addition, the TSA also includes Section 1.2(a), which covers temporary services and Section 1.2(b), which covers ancillary services. Sections 1.2(a) and 1.2(b) were added as mechanisms for NiSource to respond to Unitil requests for support that either have not been identified at this time or are relatively minor efforts. The 13 Annexes (included in Appendix A to this report) address services to be provided by NiSource and its affiliates, including Bay State, on an “as needed” basis and at cost, in the following areas:

1. Customer Information System Services: Continue to perform all NiSource CIS functions, reconcile CIS billing and receivables, provide revenue and cash reporting to Unitil Accounting, and transfer daily work orders to Unitil and record customer work order completion activities in CIS;
2. Billing Services: Bill regulated services (at rates determined and maintained by Unitil/Northern) provided to metered and unmetered customers (including special contract and transportation customers), bill unregulated services (at rates determined and maintained by Unitil/Northern) provided to customers, and provide customer refund data to Unitil Accounts Payable;

3. Treasury Services: Receive, process and post cash receipts to customer accounts and transfer cash receipts to Unitil;
4. Customer Communications Services: Perform all call center services for regulated emergency and non-emergency calls. Services include, but are not limited to, internal and external reporting, answering calls within the current guideline, issuing and managing work orders, collecting and reporting activity required for SQI reporting;
5. Credit and Collections Services: Provide credit and collections services associated with regulated and non-regulated services including, but not limited to, deposits, write-offs, payment arrangements, agency programs, customer protections, moratorium-related processes, preparation of regulatory reports and implementation of new requirements;
6. Meter Reading Services: Daily work assignment for meter readers, download routes to meter readers, upload monthly meter readings to NiSource Customer Information System, read Metscan meters and monitor associated processing activities, prepare monthly regulatory reports;
7. Accounting Services: Journal entries for customer transactions, monthly and annual (2008) financial reports, and accounting entries for Granite State;
8. Gas Dispatch and Control Services: Monitor and/or control the Northern and Granite SCADA systems, perform nominations and balancing activities, record all activities, and provide training to Unitil dispatch personnel;
9. Gas Supply Services: Provide support as needed for daily operations, gas cost accounting, interruptible billing, regulatory reporting, resource planning, hedging and retail supplier management;
10. Field Services: Provide coverage for field services in Northern's southern New Hampshire service territory, which is currently covered by Bay State's operations

in Lawrence, MA, including emergency response, leak response, dig-safe activities and maintenance activities;

11. Granite Transportation Services: Perform certain Granite administrative activities including nominations and balancing and invoice processing, record all daily transactions, produce FERC integrity management reports, and provide financial performance data to Unitil Accounting. Support and maintain the work management system for Granite;
12. Regulatory Services: Continue to perform certain regulatory services, including preparation of filings that rely on 2008 data, until Unitil is prepared to assume these responsibilities; and
13. Engineering - Regulatory Reporting Services: Gather and compile 2008 data through the Closing date for various engineering regulatory reports. Provide 2008 data through Closing date to Unitil. Unitil will compile remaining 2008 data and file the reports.

Transition Services under the TSA began on December 1, 2008 and have been provided for over six months. The TSA contains an Initial Term of 120 days for most services and 180 days for gas purchasing and management and system dispatch. Under the Initial Term of the TSA, NiSource provides, at its fully loaded cost, transitional services to continue the operation and maintenance of Northern and Granite until the successful transition to Unitil of business functions previously performed by NiSource and its affiliates.

The TSA also provides for extended terms, if needed, with notice from Unitil. The first notification to extend transition services was due 45 days prior to the expiration of the Initial Term, which ended on March 31, 2009. Pursuant to the notice requirements of the TSA, on February 13, Unitil provided a written request to NiSource to continue transition services for the First Extension Period. [See the attached notification letter in Appendix B]. The First Extension Period will be for a duration of 90 days from April through June 2009.

During the First Extension Period of the TSA, NiSource will provide, at its fully loaded cost plus a profit factor of 10%, transitional services necessary to continue the operation and maintenance of Northern and Granite until the successful transition to Unitil of business functions previously performed by NiSource and its affiliates. If transition services are required at the end of the First Extension Period, the TSA provides for a Second Extension Period. During the Second Extension Period, if any, of the TSA, NiSource will provide, at its fully loaded cost plus a profit factor of 15%, the transitional services requested by Unitil. Unitil's notice to extend Transition Services for the Second Extension Period was due to NiSource on May 15, 2009. A Second Extension Period was requested by Unitil on May 15, 2009 [See attached notification letter in Appendix E].

Unitil's objective is to replace the TSA services in an efficient and timely manner after the Closing but not before Unitil is prepared to provide these services. In February, Unitil did provide notice of Early Termination of certain transition services, related to the southern NH service territory, which were deemed to no longer be needed. [See the attached notification letter in Appendix C]. Unitil will continue to provide notice of Early Termination for any transition services, which it deems to no longer be needed.

B) Transition Services – Expenditures Summary

There are two categories of Transition Costs. Unitil has agreed that it will not seek recovery in rates of either category of these Transition Costs. The first category of costs is the expenditures Unitil will pay to NiSource and its affiliates under the TSA, (the “TSA Costs”). As of June 15, 2009, Unitil has been billed for five months’ TSA Costs incurred through April 30, 2009.

The second category of costs, for which Unitil has agreed not to seek recovery in rates, is all of the other non-recurring expenditures (“Other Transition Costs”) necessary to complete the transition. These Other Transition Costs include non-recurring consulting fees, temporary help and labor costs and all other miscellaneous costs related to the transition. As of May 31, 2009, Transition Costs billed to date include:

<u>TSA Costs – NiSource and Affiliates:</u>	<u>Amount</u>
Customer Service Support	\$1,252,707
Gas Dispatch and Control	177,335
Gas Supply Services	156,540
Accounting	12,327
Operations	21,110
Regulatory Services	17,994
Training	26,170
Telecommunications Charges	58,385
Granite	39,215
Other	<u>7,125</u>
Total Services:	<u>\$1,768,908</u>
<u>Other Transition Costs:</u>	<u>Amount</u>
Consulting and Professional Fees	\$1,326,392
Temporary Help and Labor	1,099,442
Other Miscellaneous Costs	<u>149,904</u>
Total	<u>\$2,575,738</u>

SECTION 3: BUSINESS INTEGRATION PLAN – UPDATE

A) 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 occurred over an extended period of time beginning just prior to, and with, the Closing on December 1 and will 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 were 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 is continued reliance on NiSource and Bay State to provide many customer service and other functions through the second and third quarters of 2009. 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 event is currently planned to take place at the beginning of July 2009 depending on the successful completion of the CIS Validation Testing.

The table below summarizes the key milestones to the updated CIS conversion plan. See detailed CIS conversion plan at Appendix F. As the plan is revised, dates will be adjusted accordingly:

June, 2009	Finalize documentation and test results
June, 2009	Finalize go-live plan and communicate with all internal teams and external vendors and agencies.
July 6, 2009	Go-Live Cutover portfolio from NiSource
July, 2009	1st month Post-cutover Unitil production
July, 2009	Verify external customer service quality
July 31, 2009	1st Unitil production month-end close & report
August 1-14, 2009	Verify internal customer service quality
August 14, 2009	Give notice to terminate Transition Services for CIS

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 are also expected to transition during the third quarter 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 on December 1. 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 functions that successfully cutover on or near the transaction close and have minor transition services remaining and functions that have a cutover that will occur at a future date. This section also identifies certain functions for which transition services are currently being utilized 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

Customer Services are supported by Unitil's CIS, a system that has been enhanced and tested to accommodate Northern's customer transactions. As noted above, the Unitil CIS conversion, including testing and verification, has been substantially completed which allows the Unitil and NiSource teams to coordinate the tasks necessary for a July 6 customer service cutover. Thus, the broad range of transition services to provide customers with continuous services and to ensure a seamless transition to Unitil's customer services, will significantly decline following the July 6 conversion. Notice to terminate transition services is expected to be provided on August 14, 2009.

The transfer of the CIS portfolio data from NiSource to Unitil is scheduled to begin on Friday, July 3 and be completed on Saturday, July 4. On Saturday evening, July 4, Unitil will validate the CIS portfolio data transfer and confirm to NiSource. The Customer Service functions, which serve Northern's customers will be performed by Unitil's staff with a scheduled Go-Live date of 12:00am on Monday, July 6, 2009. Contingency plans have been developed whereby NiSource would continue to perform the Customer Service functions for Northern's customers should problems be encountered which would require the transfer of the CIS portfolio data to be terminated and postponed. The plan includes decision points when certain teams, in conjunction with Unitil Internal Audit staff, will determine if the conversion can proceed as scheduled. Specifically, the plan consists of five checkpoints from July 2 to July 6 that are decision points to either continue or to terminate the conversion. Refer to the detail Unitil / Northern Utilities CIS Go-Live Plan in Appendix F. Unitil and NiSource have successfully transferred and validated the conversion of Northern's CIS portfolio data to Unitil CIS test systems on two separate test

environments/occasions: March 31, 2009 and May 31, 2009. See Appendix G: Unitil's Internal Audit Report, June 15, 2009.

The CIS test plans and the performance of the final pre-conversion validation tests are on schedule as of June 15, 2009 and the Companies are prepared to execute the CIS Go-Live plan for July 3-6, 2009. Unitil's functional integration teams have completed the testing of all aspects and interfaces required to complete the CIS conversion. The Validation Testing process encompassed the successful completion of three stages of the CIS conversion in a Test Environment: Stage 1 – Verify the conversion of Northern's customer portfolio to Unitil's CIS at a month end; Stage 2 – Verify the operation (metering, billing, cash remittance, customer service) of the Northern customer service functions in the Unitil CIS Test Environment including all other systems which interface with Unitil's CIS system [see diagram at Appendix D]; and Stage 3 - Verify the successful month-end closing processes, including interfaces, for the Northern customer portfolio, can be achieved in the Unitil CIS Test Environment. Also refer to Appendix G: Unitil's Internal Audit Report, June 15, 2009. Unitil replicated its CIS production environment in a separate "Test" environment to receive all transferred CIS portfolio data from NiSource for the validation testing procedures.

Unitil completed comprehensive Validation Testing on the February, March, and May Northern customer portfolios, involving thousands of individual account tests, which included testing for customer account attributes such as customer rate classes and customer status, as well as tests for the financial integrity of transferred accounts and software functionality. The initial Validation Testing of the February conversion resulted in recommended changes to the conversion processes which NiSource's and Unitil's system development staff integrated into the conversion routines. The follow-up testing of the February re-converted portfolio provided a specific set of tasks for the Unitil and NiSource system development staff to address. In May, the March customer portfolio was converted (

in “Test”) after recommended changes to the conversion process were made and targeted validation tests of the customer account attributes were completed successfully. The Validation Testing phase resulted in the resolution of the remaining issues which provides additional assurance of the accuracy, validity and completeness of the portfolio conversion. In addition to the resolution of the conversion issues, a list of items was identified to be addressed manually (“special handling portfolio”) by Unitil staff prior to implementation in the production environment. This level of attention to certain accounts or work processes requiring this “special handling” at the time of the conversion further ensures the completeness, accuracy and validity of the data transfer.

Special Handling Tasks beginning July 5:

- Inputting pending unbilled charges
- Inputting work requests taken by NiSource during system down time (7/3 – 7/5)
- Inputting the record for any emergency work that NiSource responded to during the down time
- Entering pending bank drafts and EBPP transactions to be billed
- Third party marketer changes that occurred during system down period
- Review setup of all large transportation and special contract customers
- Review setup of all multiple meter accounts
- Ensure all delinquency and penalty codes are inactive for at least two weeks following the Go-Live
- Begin process of calling all customers who had previously established a payment arrangement with NiSource to prevent customer confusion
- Hold invoices on July 6 until the validation check is completed (earliest release date is July 7)

Finally, in June, a conversion of the May customer portfolio was performed (in "Test") simulating the July 2-6, 2009 Go-Live closing schedule and timeline in order to identify any procedural adjustments required for the actual Go-Live weekend event. Unitil's Internal Audit staff has reviewed the test plans and supporting documentation of all testing performed related to the conversion of the CIS and related interfaces. See Internal Audit – CIS Conversion Report – June 15, 2009 at Appendix G. Unitil is committed to transition Northern's customer service functions after successfully testing all phases of that transition and only when Unitil is ready to independently perform those functions.

In addition, customer communications are ongoing during the month of June. A customer bill insert entitled "Get Ready, Get Set..." is included in the customers' June bills describing upcoming changes to bills, account numbers, on-line services and payment methods. See Appendix H. Information is also available on the Northern and Unitil websites outlining transition information and dates which will continually be updated on the Web and IVR up to the conversion date. The plan also includes steps to e-mail on-line customers to ensure the details of the transition are further communicated in a proactive manner. See Appendix F – Unitil / Northern Utilities CIS Go-Live Plan.

The Customer Services functions have many interfaces [see Diagram at Appendix D] to other functions including the dispatch of field personnel to execute work orders that are initiated by customer calls. Unitil's team leaders have closely communicated 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 and all payment 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's 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 became 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 the third quarter of 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 Integration Milestones

See detailed CIS conversion plan at Appendix F

Activity	Target Dates
Finalize go live plan and communicate with all internal teams and external vendors and agencies	6/1/09 – 6/12/09
June Revenue Close	6/30/09
Portfolio conversion	7/03/09 – 7/04/09
Internal “Special Handling” Go-Live Activities, including reconciliation	7/05/09
Go-Live – Meter reading, billing, cash application phones, etc.	7/06/09
First month of actual live Unitil CIS	July 2009
Close July revenue month and reconcile	8/3/09 – 8/5/09
Issue notice to terminate Transition Services for Customer Services to NiSource effective 9/14/2009	8/14/2009

(2) Accounting and Finance

Minor transition services were requested by the Accounting and Finance teams primarily corresponding to the Customer Services cutover at the beginning of July 2009 as well as annual financial reporting requirements. Requested transition services are located at Annexes A.3 and A.7 in Appendix A.

(3) Corporate Communications

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

Selected Corporate Communications Current Activities

Team	Go-Live Activity	Date
Corp. Communications	Begin general safety ads	Safety ad program on going throughout 2009
Corp. Communications	Begin RP 1162 safety ads	Safety ad program on going throughout 2009
Corp. Communications	Web development and testing completed	November 15, 2008 – 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.

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 corresponding to the cutover of the CIS. In addition, transition services related to the southern New Hampshire service territory were requested. Early termination of transition services related to the southern New Hampshire service territory was requested effective March 4, 2009. [See attached letter in Appendix C]

Unitil ended transition services related to the southern New Hampshire service area April 1, 2009. Requested transition services are located at Annex A.10 in Appendix A. Terminated transition services are identified as processes / tasks (d), (e), (f), (g) and (h). All dispatch transition services should end with the cutover of CIS planned for the beginning of July 2009.

(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.

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. The Gas Supply team has assumed responsibility for some regulatory reporting functions and for procurement of supplies and asset management arrangements for the summer of 2009. The Gas Supply team also actively participates 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 until Unitil's Gas Scada and dispatch services are operational. Unitil is planning on transition services as needed for daily operations, gas cost accounting, interruptible billing, some regulatory reporting and retail supplier management. See Annex A.9 in Appendix A.

Unitil's system to provide customer and external supplier billing and management services ("GTRAC") will support many of the gas supply activities. If GTRAC is not fully deployed when transition services end, this will not prevent Unitil from cutting over gas

supply functions. Cutover of the responsibilities associated with the hedging program occurred successfully in January.

The Gas Dispatch team's Go-Live plan reflects a three-phased transition with Unitil monitoring and Bay State controlling (Phase 1: through May 14, 2009), Unitil controlling and Bay State monitoring (Phase 2: through July 2009), Unitil controlling and monitoring (Phase 3: beginning end of July 2009). During Phase 1, Unitil dispatchers shadowed Bay State at the Ludlow, MA gas control center and then monitored from a new Unitil dispatch center 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, which was commissioned in mid-May, provides system control and data acquisition for all Northern's points and transmits them to both the Bay State dispatch center in Ludlow and to the Unitil dispatch center in Portsmouth. During the initial stages, both companies relied 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 is 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	Target Dates
Gas Supply	Perform capacity assignments in a test environments	Second Quarter
Gas Supply	Execute daily supply decisions	July 1
Gas Supply & Gas Dispatch	Initial testing of GTRAC for Gas Supply	Second Quarter

Gas Supply	Terminate NiSource access to Northern's gas supply assets	At end of transition services
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Unitil will require transition services in the Gas Dispatch and Control area through July of 2009. NiSource will provide training to Unitil dispatchers throughout this period. See Annex A.8 in Appendix A.

(6) Engineering and Operations Management

Minor transition services were requested by the Engineering and Operations Management 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 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.

The Gas Transmission Management team's Go-Live plan reflects a cutover from NiSource's transmission group of a set of responsibilities that had not previously been provided by either Northern or Unitil; but were provided by NiSource's subsidiary, Columbia Gas Transmission. These include the management 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 NiSource used.

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 system is 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. The Regulatory team continues to work closely with NiSource to ensure that Northern and Granite continue to meet their 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. These tasks were completed in the first four months following the Closing. In addition, the team began the process for records transfer from NiSource / Bay State to Unitil. Phase I, including hard copy and electronic records not related to the CIS, was completed in April. Phase II, all other records related to the CIS and related systems, will be completed after the CIS conversion in July.

B) Capital Projects – Expenditures - Summary

As noted in previous Transition Plan Reports, each team had prepared a preliminary assessment of internal and external resources that will be required to complete the integration according to schedule. The status of the capital project expenditures as of May 31, 2009, is provided on the following page. As noted previously, these investments are necessary to achieve the potential synergy savings. Therefore, Unitil will seek cost recovery of these expenditures in future rate case filings.

**Capital Projects
Expenditures Summary
May 31, 2009**

Authorization	Original Budget	Expenditures to Date
CUSTOMER SERVICE PROJECTS:		
Billing Conversion - Customer Information Systems	930,000	1,550,990
Interfacing - Customer Information Systems / Web-based Customer Systems, Metering, Ledgers & Reporting	544,000	491,365
Measurement - MV90 xi Network Server & Communications Equipment	147,000	95,679
G - Intake (Operations & Business Development)	71,400	99,920
Telecom Upgrade	189,000	302,397
Total Customer Service Projects:	1,881,400	2,540,351
GAS OPERATIONS & ENGINEERING PROJECTS:		
Operation Data Integration	150,675	91,887
Compliance Management System	145,300	160,484
Mobile Terminals	111,750	189,488
Gas Procedures Manuals	81,600	31,448
Gas SCADA System	142,000	167,152
Integrity Management Analysis System	65,000	58,180
Gas Dispatch Phone & Central Radio System	41,000	26,429
Equipment & Tools	31,000	52,630
Facility Enhancements & Signage	99,500	15,688
GIS	150,000	136,296
Total Gas Operations & Engineering Projects	1,017,825	929,682
FINANCE, ACCOUNTING & OTHER PROJECTS:		
Flexi Ledger / Accounts Payable / Projects / Purchasing	143,700	156,237
Energy Contracts / Energy Measurement & Control	94,000	256,765
Other Miscellaneous Projects	87,500	37,475
Total Finance, Accounting & Other Projects	325,200	450,477
Grand Total	3,224,425	3,920,510

EXECUTION COPY**TRANSITION SERVICES AGREEMENT**

This TRANSITION SERVICES AGREEMENT (this "Agreement"), dated as of December 1, 2008 (the "Effective Date"), is made by and among NiSource Inc., a Delaware corporation ("NiSource") and Unitil Corporation, a New Hampshire corporation ("Unitil"). Each of NiSource and Unitil are sometimes referred to individually as a "Party" and collectively as the "Parties". Capitalized terms used in this Agreement and not otherwise defined in this Agreement shall have the respective meanings ascribed to them in that certain Stock Purchase Agreement, dated as of February 15, 2008 (the "Purchase Agreement"), by and among NiSource, Bay State Gas Company, a Massachusetts corporation ("Bay State") and Unitil.

RECITALS

WHEREAS, pursuant to the Purchase Agreement, Unitil has agreed to purchase all the outstanding shares of common stock of Northern Utilities, Inc., a New Hampshire corporation and Granite State Gas Transmission, Inc., a New Hampshire corporation (together, the "Companies") from Bay State and NiSource, respectively.

WHEREAS, pursuant to the Purchase Agreement, Unitil and NiSource have agreed to enter into this Agreement on or before the Closing Date, under which NiSource and certain of its Affiliates (including, without limitation, NiSource Corporate Services Company, a Delaware corporation) will provide Unitil with certain transition services as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

**ARTICLE I
PROVISION OF SERVICES**

Section 1.1 General Intent. The Parties agree that the purpose of this Agreement is to establish the terms under which NiSource will provide to Unitil certain services to continue the operation and maintenance of the Companies substantially consistent with past practices until NiSource and Unitil have accomplished the successful transition of all business functions that were performed by NiSource (or its affiliates other than the Companies) prior to the Closing Date. Unitil acknowledges and understands that the services provided hereunder are transitional in nature and are furnished by NiSource and its Affiliates solely for the purpose of facilitating the sale of the Companies and their operation for a limited period of time after the Closing Date, as set forth herein. Unitil will use commercially reasonable efforts to make a transition to its own internal organization or any other third-party suppliers for the services as promptly as practicable following the Closing Date.

Section 1.2 Services to Be Provided.

(a) During the term of this Agreement as set forth in Article III (the "Transition Period") and on the terms and subject to the conditions of this Agreement and upon reasonable advance request of Unitil, NiSource will provide, or cause one or more of its Affiliates to provide, to Unitil (with respect to the Companies) each of the services (the "Services") described in Annex A hereto from the Effective Date and for the periods of time described therein with respect to each of the Services, unless notice is given by Unitil of early termination or extension of time pursuant to Article 3 herein, provided,

that under no circumstances will NiSource or its Affiliates be obligated to provide any services to the Companies that NiSource or its Affiliates do not currently provide to the Companies as of the date of this Agreement. Services provided by NiSource under this Agreement shall not include any actions or obligations NiSource is otherwise required to perform under the Purchase Agreement.

(b) From time to time during the term of this Agreement, Unitil may request that NiSource or one of its Affiliates provide services to Unitil that are not set forth on Annex A on a temporary, urgent basis (the "Temporary Services"). Upon receipt of such request from Unitil, NiSource will respond in writing to Unitil, within two business days of Unitil's request, notifying Unitil: (i) whether NiSource or one of its Affiliates is willing to provide the Temporary Services on such a temporary basis and (ii) the date upon which NiSource expects it can begin providing such Temporary Services. If NiSource so notifies Unitil that it will provide such Temporary Services, then upon receipt by NiSource of Unitil's written confirmation and acknowledgment of NiSource's notice, NiSource or one of its Affiliates will use commercially reasonable efforts to begin providing such requested Temporary Services by the date specified in NiSource's written notice. Within five (5) days of NiSource's notice, the parties will negotiate in good faith a supplement to Annex A setting forth the terms upon which the Temporary Services will be provided, including the specific definition of the scope of the services and the duration of the services. If the parties have not agreed upon and executed such supplement to Annex A within such five (5) day period, NiSource's written agreement to provide the Temporary Services will cease to be effective and NiSource's obligations to provide the Temporary Services will terminate without liability of any kind.

(c) Annex A provides a general description of services, along with a list of specific services, to be provided hereunder. The Parties recognize that Unitil may request certain follow-up or ancillary services which are within the scope of the specific services set forth in Annex A but not specifically listed therein. NiSource shall use good faith efforts to provide such follow-up or ancillary services, subject to all the terms and conditions of this Agreement. To the extent Unitil requests services beyond the scope of the specific services described in Annex A, it may request Temporary Services in accordance with Section 1.2(b) above.

Section 1.3 Quality, Quantity and Manner of Performance.

(a) NiSource and its Affiliates shall perform the Services using the same degree of care as they utilize in rendering such services for their own and their Affiliates' operations, including performing such Services through the use of subcontractors or third parties (provided that any such use of subcontractors or third parties will not eliminate or limit the obligations of NiSource and its Affiliates hereunder), and will give such Services a level of priority that is substantially consistent with past practice, provided that nothing in this Agreement will require NiSource to favor the business of Unitil or the Companies over its own business operations. The quantity of each Service to be provided will be that which Unitil may reasonably require for the operation of the Companies in the ordinary course of business consistent in all material respects with the operation of the Companies prior to the Closing and consistent with the services currently provided by NiSource and its Affiliates to the Companies as of the date of this Agreement. Except as provided in this Section 1.3(a), NiSource and its Affiliates specifically disclaim all warranties of any kind, express or implied, arising out of or related to this Agreement.

(b) Notwithstanding the foregoing, to the extent the Services involve the provision of shared space, the Party receiving such Services, its Affiliates and their respective employees and agents shall have full access to the shared space during normal business hours. The Party receiving such Services will, and will cause its Affiliates to, cause their respective employees and agents who have access to the shared space to comply with the rules that are applicable to employees of the Party providing such Services who are working in the shared space.

Section 1.4 **Limitation on Services.** In connection with the performance of Services, NiSource and its Affiliates will have no obligation to (a) upgrade, enhance or otherwise modify any computer hardware, software or network environment currently used by the Companies, or (b) convert from one format to another any data of the Companies for use by Unitil or any other person in connection with the Services or otherwise, so long as the data and electronic files are readable to Unitil through commercially reasonable means.

ARTICLE II
FEES, BILLING AND PAYMENT

Section 2.1 **Fees and Expenses.**

(a) During the Transition Period, NiSource will bill Unitil on a monthly basis for its fully loaded cost for the Services provided pursuant to this Agreement (without the addition of any profit factor) in a manner consistent with NiSource's billing practices to its other public utility Affiliates for shared services. In the event that, pursuant to Section 3.2, NiSource and its Affiliates choose to provide any Extended Services to Unitil following the applicable Expiration Date, NiSource will bill Unitil on a monthly basis for its fully loaded cost in providing the Extended Services pursuant to this Agreement, plus an additional profit factor as set forth in Section 3.2. In the event that Unitil has requested, and NiSource or its Affiliates have provided, any of the Services to Unitil in advance of the Closing Date, the Parties agree that fees for such Services shall be payable under this Section 2.1 as if rendered hereunder and shall be included in the first invoice delivered hereunder following the Effective Date.

(b) Unitil shall also reimburse NiSource on a monthly basis for direct, out-of-pocket expenses for amounts paid to third-party vendors to the extent incurred by NiSource or its Affiliates in the course of providing the Services and for any other reasonable third party direct, out-of-pocket expenses incurred by NiSource or its Affiliates in connection with the performance of Services.

Section 2.2 **Billing and Payment.**

(a) Unitil will promptly pay any bills and invoices that it receives from NiSource or its Affiliates for Services provided under this Agreement. Unless otherwise provided in this Agreement, all invoices will be paid by wire transfer in accordance with the instructions provided by NiSource (in writing to Unitil) not later than 30 days following receipt by Unitil of NiSource's invoice. NiSource shall render invoices for Services or payments due under this Agreement on a monthly basis, and will use its commercially reasonable efforts to deliver such invoices within thirty (30) days of the last day of the month in which the Services were provided. Neither Unitil, nor NiSource or its Affiliates, will offset any amounts owing to it by the other Party against amounts payable hereunder or under the Purchase Agreement (except for any invoiced amounts disputed by Unitil in good faith). Should Unitil dispute any portion of any invoice, Unitil will notify NiSource in writing of the nature and basis of the dispute not later than 30 days following receipt by Unitil of NiSource's invoice.

(b) In connection with the performance of certain Services ("Account Services"), as more specifically set forth in Annex A, NiSource and its Affiliates may be making cash payments and collecting cash receipts and receivables on behalf of and for the benefit of Unitil. In such event, during the Transition Period, NiSource will, within five Business Days after the end of each accounting month of NiSource, commencing with the end of the first full accounting month after the Effective Date, deliver to Unitil a statement setting forth the cash payments and collections made in connection with the Account Services during the preceding month. If the net amount of cash payments and collections resulted in NiSource collecting more cash than it paid during such month (only with respect to Account Services), NiSource will pay to Unitil the amount of such excess within five Business Days after the cash statement

for that month has been delivered to Unitil. In the event that cash receipts are insufficient to make cash payments, NiSource will promptly notify Unitil; provided, that NiSource will have no obligation to pay more than it collects with respect to such Account Services, and all fees, charges, expenses, claims, damages or other liabilities imposed as a result of failure to pay such amounts shall be paid solely by Unitil. Notwithstanding Section 2.3, NiSource and its Affiliates will pay no interest on any of such cash payments.

Section 2.3 Interest Payable on Amounts Past Due. All payments required to be made pursuant to this Agreement will bear interest from and including the date 10 days after such payment is due to but excluding the date of payment with interest thereon, at a rate equal to the average daily rate of interest publicly announced by JPMorgan Chase Bank in Chicago, Illinois from time to time as its prime rate calculated on the basis of the actual number of days elapsed over 365 as in effect from time to time during the period, from the date such interest begins to accrue to the date of payment. Such interest will be payable at the same time as the payment to which it relates.

Section 2.4 Taxes. All charges and fees to be paid to NiSource under this Agreement are exclusive of any applicable taxes required by law to be collected from Unitil (including VAT, withholding, sales, use, excise or services tax, which may be assessed on the provision of the Services hereunder). If a VAT, withholding, sales, use, excise or services tax is assessed on the provision of any of the Services under this Agreement, Unitil will pay directly, reimburse or indemnify NiSource for such tax. The Parties will cooperate with each other in determining the extent to which any tax is due and owing under the circumstances, and will provide and make available to each other any resale certificate, information regarding out-of-state use of materials, services or sale, and other exemption certificates or information reasonably requested by either party.

ARTICLE III TERM AND TERMINATION

Section 3.1 Term of Agreement. Except as provided in Sections 3.2 and 3.3 below, the term of this Agreement will commence on the Effective Date and will continue (unless sooner terminated pursuant to the terms hereof) for a period not to exceed 120 days (the "Initial Term"), provided that the Initial Term solely with respect to Services in connection with the provision of gas purchasing and management and system dispatch (as more specifically described on Annex A) will commence on the Effective Date and will continue (unless sooner terminated pursuant to the terms hereof) for a period not to exceed 180 days.

Section 3.2 Early Termination. Unitil may terminate any of the Services described in Annex A, including a specific function, process or task, before the expiration of the Initial Term by providing 30 days written notice to NiSource specifying the Service, including any function, process or task, to be terminated and the date on which such termination is to be effective. Following the effective date of such early termination of any Service, or specific function, process or task, NiSource shall have no obligation to provide the Service, or portion of the Service, that was subject to early termination.

Section 3.3 Extensions of Term. No less than forty-five (45) days before the final day of the Initial Term applicable to a particular Service (such final day, the "Expiration Date"), Unitil may request that NiSource and its Affiliates continue to provide certain Services beyond the Expiration Date by delivering to NiSource a written notice specifying the particular Services requested for an additional period and the extended period of time for which those Services are requested (the "First Extension Period") (which First Extension Period may not exceed three (3) months from the Expiration Date). NiSource and its Affiliates shall use their commercially reasonable efforts to provide such Services beyond the Expiration Date (any Services provided beyond the applicable Expiration Date, the "Extended

Services”), provided that, during the First Extension Period, NiSource will bill Unitil on a monthly basis for its fully loaded cost in providing the Extended Services pursuant to this Agreement, plus an additional profit factor of ten percent (10%) of such fully loaded cost. No less than forty-five (45) days before the final day of the First Extension Period, if any, Unitil may request that NiSource and its Affiliates continue to provide certain Extended Services beyond the First Extension Period by delivering to NiSource a written notice specifying the particular Services requested for an additional period and the extended period of time for which those Services are requested (the “Second Extension Period”) (which Second Extension Period may not exceed three (3) months from the final date of the First Extension Period). NiSource and its Affiliates shall use their commercially reasonable efforts to provide such Extended Services during the Second Extension Period, provided that, during the Second Extension Period NiSource will bill Unitil on a monthly basis for its fully loaded cost in providing the Extended Services pursuant to this Agreement, plus an additional profit factor of fifteen percent (15%) of such fully loaded cost. NiSource and its Affiliates shall have no obligation to provide any Services following the final day of the Second Extension Period, if any. Notwithstanding the foregoing, the Parties agree that should Unitil request the provision of a Service beyond the extended term described above, the Parties will negotiate in good faith the terms (including the financial terms, which will be no less favorable than those in place at the end of the Second Extension Period) upon which NiSource and its Affiliates continue to temporarily provide such Extended Service.

Section 3.4 Termination Upon Breach.

(a) Unitil may terminate this Agreement at any time, upon written notice to NiSource, in the event of a material breach of this Agreement by NiSource. Such termination will become effective 30 days from the date of receipt of such notice unless the breach is cured, or if not able to be cured within said 30-day period, significant steps to cure have been taken by NiSource within that period.

(b) NiSource may terminate this Agreement at any time, upon written notice to Unitil, in the event of a material breach of this Agreement by Unitil. Such termination will become effective 30 days from the date of receipt of such notice unless the breach is cured or if not able to be cured within said 30-day period, significant steps to cure have been taken by Unitil within that period; provided, however, that if such breach relates to the non-payment by Unitil of any fees or expenses under Article II, then termination under this Section 3.2(b) will be effective 30 days from the date of receipt of such notice unless all unpaid fees or expenses have been paid in full within such 30-day period.

(c) Notwithstanding any other provision in this Agreement stating or implying the contrary, whether this Agreement is terminated by NiSource or Unitil, Unitil will remain liable for the payment of fees and expenses and all applicable interest accruing for the period prior to termination even though such fees may not become due until after termination. Further, in the event of termination of this Agreement pursuant to this Section 3.3, Sections 2.2(a), 2.3, 2.4, 3.3(c), 4.1, 4.3, 4.5 and 5.01 – 5.9, inclusive, will continue in full force and effect.

**ARTICLE IV
ADDITIONAL AGREEMENTS**

Section 4.1 Title to Equipment; Management and Control.

(a) All procedures, methods, systems, strategies, tools, equipment, facilities and other resources used by NiSource and any of its Affiliates in connection with the provision of Services hereunder (collectively, the “Equipment”) will remain the property of NiSource and its Affiliates and,

except as otherwise provided in this Agreement, will at all times be under the sole direction and control of NiSource and its Affiliates.

(b) Except as otherwise provided in this Agreement, management of, and control over, the provision of the Services (including the determination or designation at any time of the Equipment, employees and other resources of NiSource and its Affiliates to be used in connection with the provision of the Services) will reside solely with NiSource. Without limiting the generality of the foregoing, all labor matters relating to any employees of NiSource and its Affiliates will be within the exclusive control of NiSource and its Affiliates, and Unitil will take no action affecting such matters. NiSource will be solely responsible for the payment of all salary and benefits and all income tax, social security taxes, unemployment compensation, tax, workers' compensation tax, other employment taxes or withholdings and premiums and remittances with respect to employees of NiSource and its Affiliates used to provide Services.

Section 4.2 Validity of Documents. The Parties will be entitled to rely upon the genuineness, validity or truthfulness of any document, instrument or other writing presented in connection with this Agreement unless such document, instrument or other writing appears on its face to be fraudulent, false or forged.

Section 4.3 Confidentiality. Each party will cause each of its Affiliates and each of its and their officers, directors and employees to hold all information relating to the business of the other party and its Affiliates disclosed to it by reason of this Agreement (the "Confidential Information") confidential for a period of three years from the Effective Date, and will not use or disclose any such Confidential Information to any third party unless legally compelled to disclose such information; provided, that to the extent that a person receiving Confidential Information hereunder may become legally compelled to disclose any Confidential Information, such person (a) may only disclose such information if it will first have used commercially reasonable efforts to obtain, and, if practicable, will have afforded the other party the opportunity to obtain, an appropriate protective order or other satisfactory assurance of confidential treatment for the information required to be so disclosed, and (b) if such protective order or other remedy is not obtained, or the other party waives such person's compliance with the provisions of this Section 4.3, they will only furnish that portion of the Confidential Information which is legally required to be so disclosed. As used in this Agreement, "Confidential Information" does not include any information which (x) is or becomes generally available to the public other than as a result of a disclosure by a party hereto, its Affiliates or any person acting on behalf of any such Person, or (y) becomes available to a party hereto or its Affiliates on a non-confidential basis, provided that such source was not known by such party or its Affiliates to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, such other party to this Agreement or its Affiliates with respect to such information.

Section 4.4 Third-Party Agreements. To the extent that any third-party proprietor of information or software to be disclosed or made available to Unitil in connection with performance of the Services hereunder requires a specific form of non-disclosure, license or service agreement as a condition of its consent to use of the same for the benefit of Unitil or to permit Unitil access to such information or software, Unitil agrees to execute (and will cause its employees to execute, if required) any such form.

Section 4.5 Limitation of Liability; Indemnity.

(a) Neither of the Parties nor any of their respective Affiliates will be liable to the other party or any third party for any special, punitive, consequential, incidental or exemplary damages (including lost or anticipated revenues or profits relating to the same or losses upon a multiple of earnings and attorneys' fees) arising from any claim relating to this Agreement or any of the Services to be

provided hereunder or the performance of or failure to perform such party's obligations under this Agreement, whether such claim is based on warranty, contract, tort (including negligence or strict liability) or otherwise, and regardless of whether such damages are foreseeable or an authorized representative of such party is advised of the possibility or likelihood of such damages. In addition, neither of the parties hereto nor any of their respective Affiliates will be liable to the other party, any of their Affiliates or any third party, for any direct damages arising from any claim relating to this Agreement or any of the Services to be provided hereunder or NiSource's or its Affiliates' performance of or failure to perform obligations under this Agreement, except to the extent that such direct damages are caused by the gross negligence or willful misconduct of such party or their Affiliates.

(b) Unitil will indemnify NiSource and each of its Affiliates against all Losses attributable to any third-party claims arising from or relating to the provision of Services under this Agreement to the extent that such Losses arise from the gross negligence or willful misconduct of Unitil, any of its Affiliates or any of its or their respective employees, officers or directors.

(c) NiSource will indemnify Unitil and each of its Affiliates against all Losses attributable to any third-party claims arising from or relating to the provision of Services under this Agreement to the extent that such Losses arise from the gross negligence or willful misconduct of NiSource, any of its Affiliates or any of its or their respective employees, officers or directors.

(d) All claims for indemnification pursuant to this Section 4.5 will be made in accordance with the procedures set forth in Section 7.4 of the Purchase Agreement.

ARTICLE V MISCELLANEOUS

Section 5.1 Relationship of Parties. Except as specifically provided in this Agreement (a) neither party hereto will act or represent or hold itself out as having authority to act as an agent or partner of the other party, or (b) in any way bind or commit the other party to any obligations or agreement. Nothing contained in this Agreement will be construed as creating a partnership, joint venture, agency, trust, fiduciary relationship or other association of any kind, each party being individually responsible only for its obligations as set forth in this Agreement. The parties' respective rights and obligations hereunder will be limited to the contractual rights and obligations expressly set forth in this Agreement on the terms and conditions set forth in this Agreement.

Section 5.2 Notices. All notices, consents and other communications hereunder will be in writing and will be effective upon receipt or refusal to accept receipt when delivered by (a) hand; or (b) Federal Express or a similar overnight courier; or (c) United States Post Office enclosed in a postage prepaid, registered or certified envelope addressed; or (d) by e-mail (with a confirming copy of such communication to be sent as provided in clauses (a), (b) or (c) above), in each case, to the party for whom intended, at the address for such party set forth below (or at such other address for a party as will be specified by like notice, provided, however, that any notice of change of address will be effective only upon receipt):

(a) If to the Unitil: Unitil Corporation
6 Liberty Lane West
Hampton, New Hampshire 03842
Telephone No.: (603) 773-6422
Email collin@unitil.com
Attention: Mark H. Collin
Senior Vice-President and CFO

with a copy to: Dewey & LeBoeuf LLP
260 Franklin Street
Boston, MA 02110
Telephone No.: (617) 748-6800
Email smueller@dl.com
Attention: Scott J. Mueller Esq.

If to NiSource: NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
Telephone No.:
Email: jstaton@nisource.com
Attention: Jimmy D. Staton; and

Bay State Gas Company
300 Friberg Parkway
Westborough, MA 01581
Telephone No.: (508) 836-7000
Email: sbryant@nisource.com
Attention: Stephen H. Bryant, President

with a copy to: Schiff Hardin LLP
6600 Sears Tower
Chicago, Illinois 60606
Telephone No.: (312) 258-5500
Email: dbaker@schiffhardin.com
Attention: Darren C. Baker, Esq.

Section 5.3 Disputes; Applicable Law; Jurisdiction.

(a) In the event of any dispute or disagreement between Unitil and NiSource as to the interpretation of any provision of this Agreement (or the performance of obligations hereunder), the matter, upon written request of either party, shall be referred to representatives of the parties for decision. Such representatives shall meet promptly and, in any event, within ten Business Days after delivery of any such written request, in a good faith effort to resolve the dispute. If such representatives do not agree upon a decision within 30 days after delivery of any such written request, each of Unitil and NiSource shall be free to exercise the remedies available to it under applicable law, subject to clause (b) below.

(b) This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without giving effect to the principles of conflicts of law thereof. Each of the parties hereto hereby expressly and irrevocably submits to the non-exclusive personal jurisdiction of the courts of the State of Delaware (collectively, the "Delaware Courts"), preserving, however, all rights of removal to any federal court located in the District of the State of

Delaware under 28 U.S.C. Section 1441, in connection with all disputes arising out of or in connection with this Agreement or the transactions contemplated hereby and agrees not to commence any litigation relating thereto except in such courts. Each party hereby waives the right to any other jurisdiction or venue for any litigation arising out of or in connection with this Agreement or the transactions contemplated hereby to which any of them may be entitled by reason of its present or future domicile. Notwithstanding the foregoing, each of the parties hereto agrees that each of the other parties will have the right to bring any action or proceeding for enforcement of a judgment entered by the Delaware Courts in any other court or jurisdiction.

Section 5.4 Entire Agreement; Amendment. This Agreement (which includes Annex A and Annex B), constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, including the Purchase Agreement and Exhibit C to the Purchase Agreement. Subject to applicable law, this Agreement may be amended, modified and supplemented in any and all respects by written agreement of the parties at any time with respect to any of the terms contained herein.

Section 5.5 Parties in Interest. This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto (whether by operation of law or otherwise) without the prior written consent of the other party. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Section 5.6 Interpretation. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes,” “including” or similar expressions are used in this Agreement, they will be understood to be followed by the words “without limitation”. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 5.7 Third-Party Beneficiaries. Each party intends that this Agreement will not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto; provided, that notwithstanding this Section 5.7, the provisions of Section 4.5(b) and Section 4.5(c) will inure to the benefit of the Persons identified therein, and may be enforced by such Persons and their respective heirs and personal representatives.

Section 5.8 Annex A. Annex A is incorporated in, and made a part of, this Agreement.

Section 5.9 Severability. If any term, provision, covenant or restriction of this Agreement is held by a Governmental Entity to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

Section 5.10 Waiver. Except as otherwise provided in this Agreement, any failure of either of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

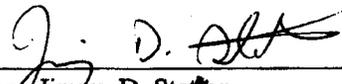
Section 5.11 Force Majeure. No liability shall result from any delay or failure in performance by either party resulting from any cause, condition or event beyond the reasonable control of the party affected, including acts of God, fire, flood, war, government action, accident, labor trouble or shortage, or inability to obtain material, utilities, equipment, energy or transportation (each a "**Force Majeure Event**"), provided that the foregoing may not be raised as a defense or excuse for the failure of the Unitil to pay any amount due and payable to NiSource pursuant to this Agreement. Either party claiming the benefit of this **Section 5.11** shall promptly notify the other party in writing upon learning of the occurrence of any Force Majeure Event and upon such notice the affected provisions and/or other requirements of this Agreement shall be suspended or reduced by an amount consistent with reductions made to the other operations of such party that are also affected by such Force Majeure Event during the period of such disability. Upon the cessation of such Force Majeure Event, NiSource will use its commercially reasonable best efforts to resume its performance of the Services hereunder as soon as practicable following the Force Majeure Event, and, in any event, within 30 days of giving notice to Unitil of such Force Majeure Event. If the Force Majeure Event continues to have effect for a period of more than 30 days, the party not claiming relief under this **Section 5.11** shall have the right to terminate the Services affected by such Force Majeure Event immediately upon written notice of such termination to the other party.

Section 5.12 Counterparts. This Agreement may be executed in counterparts and multiple originals, each of which will be deemed an original, and all of which taken together will be considered one and the same agreement.

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IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed, all as of the date first above written.

NISOURCE INC.

By: 
Name: Jimmy D. Station
Title: Executive Vice President and
Group Chief Executive Officer

UNITIL CORPORATION

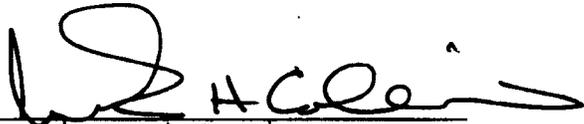
By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed, all as of the date first above written.

NISOURCE INC.

By: _____
Name:
Title:

UNITIL CORPORATION

By: 
Name: Mark H. Colvin
Title: Sr. Vice President, Chief Financial
Officer & Treasurer

TRANSITION SERVICES AGREEMENT

Annex A

Function: Customer Information System	Annex #: A.1
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Dick James	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Raymond Morrissey / Mark Lambert	Start Date: 12.1.08

General Description of Services to be Provided:

Customer Information System (CIS) Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), NiSource will provide operation, maintenance and reconciliation services with respect to CIS.

Specific List of Services to be Provided:

Specific Processes / Tasks:

- a. **CIS:** Operate and maintain all aspects of NiSource CIS required for servicing customers in Maine and New Hampshire. Operate and maintain all aspects of NiSource CIS required for servicing suppliers including the interface with the Easy On system, which allows suppliers the ability to process changes and access historical information.
- b. **Reconciliation:** Reconcile NiSource CIS billing and related reporting monthly.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System and related systems as necessary to provide these services.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Billing Services	Annex #: A.2
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Linda Siddons	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Mark Lambert	Start Date: 12.1.08

General Description of Services to be Provided:
Billing Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), NiSource will bill regulated services (at rates determined and maintained by Unitil/Northern) provided to metered and unmetered customers (including special contract and transportation customers), bill unregulated services (at rates determined and maintained by Unitil/Northern) provided to customers, and provide customer refund data to Unitil Accounts Payable.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Customer Refund Processing: Administer customer refund process in NiSource's Customer Information System and provide a weekly customer refund file to Unitil's Accounts Payable group.
b. Regulated and Unregulated Billing: Perform all regulated and unregulated billing services for metered and unmetered customers and all associated tasks required to discharge those responsibilities (i.e., billing exceptions, rate maintenance, low income discount, adjustments, cancel/rebills, meter schedules, mailing services). Provide support to Unitil's Customer Service Center, as necessary.
c. Daily Metered Customer Billing and Pool Management: Bill daily metered transportation customers and process enrollment transactions.
d. Non-Daily Metered Customer and Pool Management: Bill non-daily metered transportation customers and process enrollment transactions.
e. Billing Support: Provide support to Unitil, as necessary.
f. Bill Printing and Inserting: Daily printing and mailing of customer bills.
g. Checkfree: Process customer payments via Checkfree.
h. Sales Tax: Perform annual review and system updates for sales tax exemptions.
i. Rules and Regulations: Maintain compliance with applicable rules and regulations, implement any new requirements pertaining to billing.
j. Special Contract Billing: Administer and perform all billing for special contract customers in ME and NH.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System, EASy On, GRIPS and SCADA

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Treasury	Annex #: A.3
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: See below	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: See below	Start Date: 12.1.08

General Description of Services to be Provided:
Treasury Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA) including Section 2.2(b), receive, process and post cash receipts to customer accounts and transfer cash receipts to Unitil.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Cash Reporting / Transfer: Provide monthly operations reports of cash receipts to Unitil's Finance Department and coordinate monthly transfer/collection of funds to/from Unitil. (Provided by Manager: Ron Andrews; Provided to Manager: Mike McKinney)
b. Cash Remittance: Process all cash remittance (i.e., lockbox, credit cards, e-checks, Western Union, wires) and post cash receipts in NiSource's Customer Information System. (Provided by Manager: Hal Armbrust; Provided to Manager: Mark Lambert)

Information Systems Support Services to be Provided:
Information Systems: Support and maintain NiSource Customer Information System and related systems as necessary to provide these services.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Customer Communications	Annex #: A.4
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: See below	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Mark Lambert / Cindy Carroll	Start Date: 12.1.08

General Description of Services to be Provided:
Customer Communications Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), provide call center services for customers that are provided with regulated and unregulated services as well as new business calls, response to PUC and CAD complaints, recording of call center performance for SQI reporting, maintenance of the external customer website, and preparation of bill inserts.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Call Center and Customer Services for Regulated Customers: Perform all call center services for regulated emergency and non-emergency calls. Services include, but are not limited to, internal and external reporting, answering calls within the current guideline, issuing and managing work orders, collecting and reporting activity required for SQI reporting. (Provided by Manager: Mike Davidson)
b. Energy Efficiency / DSM Services: Receive customer calls, perform assessment for eligibility, forward information to Unitil. (Provided by Manager: Derek Buchler)
c. Call Center and Customer Services for Unregulated Customers: Perform all call center services for unregulated customers. Services include, but are not limited to: internal reporting, answering calls within the current guidelines, issuing and managing the work orders. (Provided by Manager: Scott McDonald)
d. Call Center and Customer Services for New Business: Screen calls to qualify leads, provide information to Unitil's business development representatives, monitor the process through meter set and turn on, provide required reporting. (Provided by Manager: Patty Dyer)
e. Regulatory Complaints: Continue to respond to, and resolve, all PUC and CAD complaints. (Provided by Manager: Virginia Anthony)
f. Service Quality (SQI) Reporting: Gather, record and report SQI activity to Unitil. (Provided by Manager: Virginia Anthony)
g. External Customer Website: Maintain the Northern Utilities website and all the functions and information associated with the website including, but not limited to, real time account inquiry and payment option services (credit card and e-check). (Provided by Manager: Phil Wells)

h. **Bill Inserts:** Provide customer communication inserts and other collateral and billing messages that have been identified to NiSource personnel through the customer communications plan.
(Provided by Manager: Phil Wells and Virginia Anthony)

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System and related systems as necessary to provide these services.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Credit and Collections	Annex #: A.5
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Linda Siddons	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Mark Lambert	Start Date: 12.1.08

General Description of Services to be Provided:
Credit & Collections Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), provide credit and collections services associated with regulated and non-regulated services including, but not limited to, deposits, write-offs, payment arrangements, agency programs, customer protections, moratorium-related processes, preparation of regulatory reports and implementation of new requirements.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Collections - Regulated: Perform all tasks associated with the credit and collections functions for regulated and non-regulated services used to ensure timely payments from customers within the established regulatory guidelines.
b. Customer Deposits: Collect deposits from new customers in accordance with regulations, as appropriate.
c. Customer Write-Offs: Review customer aging and perform monthly write offs of uncollectible accounts, provide monthly reports.
d. Customer Payment Arrangements: Establish payment plans in accordance with applicable regulations and past practices, and monitor payment activity.
e. Agency Payments, Communications and Reporting: Perform all tasks associated with agency programs, such as fuel assistance, to ensure customers are enrolled in the low income discount rate and coded for fuel assistance benefits. Provide reporting for regulators, as applicable.
f. Customer Protections: Continue to review, process and maintain customer protections in accordance with applicable rules and regulations.
g. Pre-Moratorium Annual Review and Mailing: Perform the annual review of customers that have been disconnected for non-payment earlier in the year in accordance with NHPUC rules and regulations.
h. Monthly Reports: Prepare and submit the monthly accounts receivable and collections report to the MPUC and NHPUC as well as the annual report that needs to be filed with the MPUC on 2/15/09.

- i. **New Rules and Regulations:** Implement new rules and requirements, which may be issued by state regulators, pertaining to credit and collection activities.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System and related systems as necessary to provide these services.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Meter Reading	Annex #: A.6
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: See below	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Justin Eisfeller	Start Date: 12.1.08

General Description of Services to be Provided:
Meter Reading Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), download routes to meter readers, upload monthly meter readings to NiSource Customer Information System, read Metscan meters and monitor associated processing activities, prepare monthly regulatory reports.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Daily Reading - Monthly Meters: Maintain and schedule cycle routes and assign to meter readers. Download Daily Meter Reading Cycle Data from NiSource Customer Information System via MVRS. Upload Daily Meter Readings to NiSource Customer Information System via MVRS. Reconcile cycle routes. Prepare meter reading reports for New Hampshire and Maine. (Provided by Manager: Linda Siddons)
b. Daily Reading - Metscan (Daily) Meters: Provide an electronic file of daily meter read information for the daily metered transportation customers via the NiSource EASy On system (from FlowCal and Metscan). Post readings to an ftp website for marketers to use for their daily nominations. (Provided by Manager: Ron Slate)

Information Systems Support Services to be Provided:
Information Systems: Support and maintain NiSource Customer Information System and meter reading and related applications including MVRS, Metscan, EASy On, Flowcal

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Accounting Services	Annex #: A.7
Provided by: NiSource Corporate Services / Bay State	Start Date: 12.1.08
Provided by Manager: Bob Kriner / William Telzerow	Estimated End Date: 6.1.08
Provided to: Northern Utilities, Inc. / Granite State	Initial Term: 4 Months
Provided to Manager: Larry Brock	Extended Term: As Requested per Section 3.3

General Description of Services to be Provided:
Accounting Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), prepare monthly journal entries for customer transactions from NiSource's Customer Information System, and support the preparation of various financial reports.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Customer Accounting: Reconcile data and prepare the monthly summary level journal entry related to customer revenue, cash activity (remittance, adjustments, etc.), accounts receivable, write-offs, etc. Provide monthly journal entry and reports summarizing journal activity.
b. Financial Reporting: Provide support for the preparation of various financial reports including the semi-annual NU F-8G filing (due in January 2009) and the annual EIA, state and FERC reporting to be prepared in the February / March 2009 timeframe including FERC Form 2A and FERC Form 3Q and training for Granite State Gas Transmission, Inc.
c. General Support Services: Provide support services for Northern Utilities and Granite State general accounting and construction accounting, as necessary.
d. Sales and Consumption Tax: Provide information necessary to file sales tax with the State of Maine and consumption tax with the State of New Hampshire.

Information Systems Support Services to be Provided:
Information Systems: Support and maintain NiSource Customer Information System and related systems as necessary to provide these services.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT
Annex A

Function: Gas Dispatch and Control	Annex #: A.8
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 6.1.08
Provided by Manager: Francisco DaFonte	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Justin Eisfeller / Cindy Rivers	Start Date: 12.1.08

General Description of Services to be Provided:
Gas Dispatch and Control Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), provide the following energy measurement and control functions.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. System Monitoring and Control: Actively monitor and control the Northern Utilities and Granite systems via SCADA. Coordinate with Unitil on daily operations.
b. System Monitoring and Continued Training: Actively monitor the Northern Utilities and Granite systems via SCADA. Coordinate with Unitil on daily operations.
c. Daily Load Forecast: Forecast and implement the daily load plan. Prepare a daily load forecast for Unitil which will be used for comparison purposes only. Provide oversight and guidance, as necessary.
d. Unitil SCADA Commissioning: Field test the Unitil SCADA communication equipment. Confirm the data transfer to Unitil is valid and agrees with the data received by NiSource's SCADA.
e. Monitoring and Control Training: Onsite training for Unitil's Gas Controllers.
f. Daily Pipeline Balancing (including pipeline nominations): Manage pipeline balancing; provide list of nominations and confirm actual deliveries and local production.
g. Daily Pipeline / Storage/ Commodity Data: Provide a summary sheet of daily flow data at all supply points, plants, and major customers.
h. Retail supplier Nominations: Process retail supplier nominations for peaking, company managed services (ME and NH).
i. Retail Supplier Pool Balancing: Verify upstream pipeline deliveries by retail suppliers. Balance supplier pools.

j. **SCADA Web:** Provide Unitil personnel with view only access to SCADA Web.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System and related applications including, but not limited to, SCADA, GRIPS, and EASy.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Gas Supply	Annex #: A.9
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Francisco DaFonte	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Rob Furino	Start Date: 12.1.08

General Description of Services to be Provided:
Gas Supply Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), provide services that support daily operations, gas accounting, interruptible billing, regulatory reporting, resource planning and retail supplier management activities.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Resource Planning: Determine monthly supply plan for gas purchases, storage injections / withdrawals and peaking requirements
b. Daily Operations: Daily planning and scheduling of supply. Enter individual NH and ME interruptible rates into the NiSource CIS. Prepare NH and ME Interruptible Sales Report. Prepare NH and ME interruptible usage and revenues reports, including average daily usage reports. Calculate interruptible margins and provide workpapers. Bill interruptible customers as needed.
c. Gas Contracting: Maintain and provide records for daily, monthly and seasonal transactions. Update personnel on FERC-related regulatory proceedings affecting Northern Utilities.
d. Regulatory Reporting: Provide all workpapers for gas supply regulatory reports. Provide weekly LNG and LP report for the NHPUC. Identify third party provider of reporting requirements for all imports and exports of gas to US Customs, DOE and the NEB.
e. Gas Cost Accounting: Process pipeline, storage and commodity invoices for payment. Perform month-end closing activities for all transactions and provide associated accounting entries, including LNG and LPG facilities.
f. Retail Supplier Management: Maintain customer choice website and provide retail supplier customer support. Calculate capacity assignment volumes and company managed costs for retail marketers. Bill marketers for capacity mitigation service – if elected. Bill marketers for all company managed pipeline / storage and peaking supplies. Include charges for storage inventory transfers and miscellaneous adjustments – NH only. Communicate data to Northern Utilities' Gas Transportation Services Department.
g. Hedging: Manage and report on Northern's financial hedging program.

h. **Local Production:** Provide month end accounting reports for LNG and LPG facilities.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain all NiSource software packages that support the Gas Supply function.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Field Services	Annex #: A.10
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Marie Walker	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Chris LeBlanc / Justin Eisfeller	Start Date: 12.1.08

General Description of Services to be Provided:
Field Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), provide coverage for field services in Northern Utilities' southern New Hampshire service territory, which is currently covered by Bay State's operations in Lawrence, MA.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Field Collections: Assign collection orders, updated information in NiSource CIS.
b. Customer Service Dispatching: Call or email work orders to Unitil, report completed work orders to NiSource CIS.
c. Field Dispatching: Initiate work orders, including assignment of collection orders, in NiSource CIS, transfer work orders to Unitil, update completed work orders in NiSource CIS.
d. Service - Southern NH: Provide all labor, materials, equipment and supervision required for performing service department activities. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.
e. Maintenance / Compliance - Southern NH: Provide all labor, materials, equipment and supervision required for performing maintenance / compliance activities. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.
f. Dig Safe - Southern NH: Provide all labor, materials, equipment and supervision required for performing facility mark-out activities. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.
g. Emergency Leak Response - Southern NH: Provide all labor, materials, equipment and supervision required for providing emergency first responders. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.

h. **Scheduled Leak - Southern NH:** Provide all labor, materials, equipment and supervision required for scheduled leak repairs. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System and related systems.

In connection with any Services provided by or through IBM under this Annex A, Unutil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unutil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Granite Transportation	Annex #: A.11
Provided by: NiSource Corporate Services / Bay State / TCO	Estimated End Date: 4.1.08
Provided by Manager: Francisco DaFonte / Ron Slate	Initial Term: 4 Months
Provided to: Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Rob Furino / Chris LeBlanc / Justin Eisfeller	Start Date: 12.1.08

General Description of Services to be Provided:
Granite Transportation Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), Granite State requests that NiSource Corporate Services Company and TCO provide the following energy supply functions.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Process Customer Noms / Interconnecting Pipelines: Daily confirmations into and out of Granite pipeline. Provide listings of daily receipts from upstream pipelines.
b. Customer Service to Shippers: Support transportation customer inquiries and support use of scheduling system.
c. Electronic Bulletin Board (EBB): Monitor informational postings section of EBB, as needed.
d. Billing and Accounting: Prepare invoices, update for customer remittance and maintain customer files. Provide monthly journal entry to Until's Accounting Department.
e. Granite - Integrity Management Reporting: Compile and provide 11 months of 2008 data and supporting documentation to Unutil. Unutil will prepare and submit the report.
f. Granite DOT Transmission Annual Report F7100.2-1: Compile and provide 11 months of 2008 data and supporting documentation to Unutil. Unutil will prepare and submit the report.
g. Work Management System: Support and maintain the Maximo work management system.

Information Systems Support Services to be Provided:
Information Systems: Support and maintain all NiSource software packages that support the Granite Transportation function including Maximo.

In connection with any Services provided by or through IBM under this Annex A, Unutil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and

agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Regulatory	Annex #: A.12
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Joe Ferro / Stan Sagun / Mike Walker	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Rob Furino / Karen Asbury	Start Date: 12.1.08

General Description of Services to be Provided:
Regulatory Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), continue to perform certain regulatory services, including preparation of filings that rely on 2008 data.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Tariff Administration: Maintain tariffs and changes. Communicate and post tariff changes. Monitor compliance activities.
b. Special Contracts Administration: Price updates (annual inflation).
c. Rates Administration: Maintain rate summary for IT. Communicate rate changes, as applicable.
d. Compliance Filings / Reporting: Prepare and/or support various filings and reporting requirements including, but not limited to, cost of gas filings.
e. Regulatory Oversight: Provider support on regulatory matters to Northern Utilities and Granite State strictly in accordance with, and consistent with, past practice.

Information Systems Support Services to be Provided:
Information Systems: Support and maintain all NiSource software packages required to monitor and manage regulatory matters.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

TRANSITION SERVICES AGREEMENT

Annex A

Function: Engineering - Regulatory Reporting	Annex #: A.13
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Keith Dalton	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Kevin Sprague	Start Date: 12.1.08

General Description of Services to be Provided:
Engineering Regulatory Reporting Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), gather and compile 2008 data through the closing date for various engineering regulatory reports. Provide 2008 data through closing date to Unitil. Unitil will compile remaining 2008 data and file the reports.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. NH Bare Steel Annual Report: Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.
b. NU Integrity Management Reporting: Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.
c. NU DOT Transmission Annual Report F7100.2-1: Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.
d. NU DOT Distribution Annual Report F7100.1-1: Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.
e. NU - ME PUC Cast Iron Risk Assessment: Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.
f. NU - ME PUC Bare Steel Mains Risk Assessment: Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.
g. NU - ME PUC Bare Steel Services Risk Assessment: Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain all NiSource software packages required to produce data for these reports.

In connection with any Services provided by or through IBM under this Annex A, Unutil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unutil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

CHI\5879161.6



Laurence M. Brock

Controller
& Chief Accounting Officer

February 13, 2009

NiSource Inc.
Attention: Jimmy D. Staton
801 East 86th Avenue
Merrillville, Indiana 46410

Re: Notice of Extension of Term of Transition Services

Dear Mr. Staton:

Pursuant to the terms of Article III of the Transition Services Agreement dated December 1, 2008, between NiSource Inc. and Unitil Corporation, this correspondence is provided in accordance with the notice requirement of Section 3.3, Extensions of Term. Effective February 13, 2009, Unitil hereby requests that NiSource continue to provide transition services for the First Extension Period for the specific processes / tasks identified in the attached Annexes #A.1 through #A.13. As of this date, the only transition services that have been terminated are the specific processes / tasks identified as (d), (e), (f), (g) and (h) in Annex #A.10.

If you have any questions regarding this notice, please contact me at 603-773-6510.

Sincerely,

Laurence M. Brock
Controller & Chief Accounting Officer

Attachment

cc: Stephen H. Bryant, Bay State Gas Company
Darren C. Baker Esq., Schiff Hardin LLP

Corporate Office

6 Liberty Lane West
Hampton, NH 03842-1720

Phone: 603-773-6510
Fax: 603-773-6710

Email: brock@unitil.com



We deliver.
It's that simple.

Chad R. Dixon
Director, Internal
Audit and Controls

February 2, 2009

NISource Inc.
Attention: Jimmy D. Staton
801 East 86th Avenue
Merrillville, Indiana 46410

Re: **Notice of Termination of Transition Services**

Dear Mr. Staton:

Pursuant to the terms of Article III of the Transition Services Agreement dated December 1, 2008, between NISource Inc. and Unitil Corporation, this correspondence is provided in accordance with the notice requirement of Section 3.2; Early Termination. As described on the attached Annex #A.10, effective March 4, 2009, Unitil hereby provides notice of termination of transition services for the specific processes / tasks identified as (d), (e), (f), (g) and (h). Until further notice, please continue to provide the transition services for the specific processes / tasks identified as (a), (b) and (c).

If you have any questions regarding this notice, please contact me at 603-773-8507.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad R. Dixon".

Chad R. Dixon
Director, Internal Audit and Controls

Attachment

cc: Stephen H. Bryant, Bay State Gas Company
Darren C. Baker Esq., Schiff Hardin LLP

Corporate Office

6 Liberty Lane West
Hampton, NH 03842-1720

Phone: 603-773-8507
Fax: 603-773-8707

Email: dixon@unitil.com

TRANSITION SERVICES AGREEMENT

Annex A

Function: Field Services	Annex #: A.10
Provided by: NiSource Corporate Services / Bay State	Estimated End Date: 4.1.08
Provided by Manager: Marie Walker	Initial Term: 4 Months
Provided to: Northern Utilities, Inc. / Granite State	Extended Term: As Requested per Section 3.3
Provided to Manager: Chris LeBlanc / Justin Eisfeller	Start Date: 12.1.08

General Description of Services to be Provided:
Field Services: Subject in each and every case to the general provisions of the Transition Services Agreement (TSA), provide coverage for field services in Northern Utilities' southern New Hampshire service territory, which is currently covered by Bay State's operations in Lawrence, MA.
Specific List of Services to be Provided:
Specific Processes / Tasks:
a. Field Collections: Assign collection orders, updated information in NiSource CIS.
b. Customer Service Dispatching: Call or email work orders to Unitil, report completed work orders to NiSource CIS.
c. Field Dispatching: Initiate work orders, including assignment of collection orders, in NiSource CIS, transfer work orders to Unitil, update completed work orders in NiSource CIS.
d. Service - Southern NH: Provide all labor, materials, equipment and supervision required for performing service department activities. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.
e. Maintenance / Compliance - Southern NH: Provide all labor, materials, equipment and supervision required for performing maintenance / compliance activities. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.
f. Dig Safe - Southern NH: Provide all labor, materials, equipment and supervision required for performing facility mark-out activities. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.
g. Emergency Leak Response - Southern NH: Provide all labor, materials, equipment and supervision required for providing emergency first responders. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.

h. **Scheduled Leak - Southern NH:** Provide all labor, materials, equipment and supervision required for scheduled leak repairs. Prepare and provide all reports and paperwork required to maintain regulatory compliance and to support regulatory reports.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System and related systems.

In connection with any Services provided by or through IBM under this Annex A, Unitil, on behalf of itself and its other Affiliates (including Northern Utilities and Granite State) acknowledges and agrees that (i) the scope of such Services will be the same as those provided by IBM to Northern Utilities or Granite State prior to this Agreement, (ii) that IBM shall not under any circumstances be required to modify its systems or processes used to perform or provide the services and (iii) that Unitil will comply with NiSource's or IBM's requests and directions with respect to the protection of IBM's intellectual property rights.

System Integration to Customer Information System ("CIS")

Functions of the CIS

Receivables

Billing

Customer/Locations

Meter Inventory

Work Orders

History

Bill Print

Inputs

Outputs

GO LIVE

Cash

Metering

Work Orders

Rate Summary

Sundry System Plant

SQL Server (WebOps)

GTRAC

Work Orders

G/L and A/P

SQL Server (WebOps)

Universal Cash System

Production Reports (Reg/Recon)

Mailing Services (Kubra)

Metering (Read Cycles)

GTRAC

Customer Web

IVR

- Lockbox Checks
- WU
- Credit Card
- E-checks
- Direct Debit
- ACH
- EBPP
- Agency Pmts

Siemens

IVR

Customer Web

**UNITIL
C.I.S.**



Laurence M. Brock

Controller
& Chief Accounting Officer

May 15, 2009

NiSource Inc.
Attention: Jimmy D. Staton
801 East 86th Avenue
Merrillville, Indiana 46410

Re: Notice of Extension of Term of Transition Services

Dear Mr. Staton:

Pursuant to the terms of Article III of the Transition Services Agreement dated December 1, 2008, between NiSource Inc. and Unitil Corporation, this correspondence is provided in accordance with the notice requirement of Section 3.3, Extensions of Term. Effective May 15, 2009, Unitil hereby requests that NiSource continue to provide transition services for the Second Extension Period for the specific processes / tasks identified in the attached Annexes #A.1 through #A.13. As of this date, the only transition services that have been terminated are the specific processes / tasks identified as (d), (e), (f), (g) and (h) in Annex #A.10.

If you have any questions regarding this notice, please contact me at 603-773-6510.

Sincerely,

Laurence M. Brock
Controller & Chief Accounting Officer

Attachment

cc: Stephen H. Bryant, Bay State Gas Company
Darren C. Baker Esq., Schiff Hardin LLP

Corporate Office

6 Liberty Lane West
Hampton, NH 03842-1720

Phone: 603-773-6510
Fax: 603-773-6710

Email: brock@unitil.com

Appendix F			
Unitil / Northern Utilities CIS Go Live Plan			
W/E June 6th	Due Date	Person Responsible	Department / Function
June Bill Insert announcing transition impacts for customers	1-Jun	Don Hudson	Communications
June Bill Message cross referencing key insert text	1-Jun	Don Hudson	Communications
EMIS to CIS testing	2-Jun	Mary-Jane Cleveland	Billing
June insert plan communicated with MPUC and NHPUC	2-Jun	Mark Lambert	Mark Lambert
Meeting with NiSource and Unitil Communications/Web staff for action plan on cutoff dates, planned	3-Jun	Mark Lambert	Mark Lambert
Web Content testing NH and ME	4-Jun	Lisa Desrochers	Web
Complete MDS Testing against March data conversion. (need to be tested again for May's)	4-Jun	Michelle Gamble	IS
Complete focus testing as defined by Audit.	5-Jun	Mark Lambert	Mark Lambert
GTRAC development should be complete to allow for CIS testing.	5-Jun	Sean Baker	IS
Notify Maine and NH OPS Managers of no changes to be made to the Mult. Meter Accounts	5-Jun	Mark Lambert	Mark Lambert
Message on NU web regarding Zap-Check and announcing My-Unitil option after July 7th	5-Jun	Karen Johnson	Cash

W/E June 13th	Due Date	Person Responsible	Department / Function
Redirect NU web section to Unitil.com on customer changes on July 6th	8-Jun	Stephanye Schuyler	Web
Meeting with NiSource on IVR messaging for EDS payments	8-Jun	Mark Lambert	Mark Lambert
Meeting with NiSource regarding web messaging and cash cutover plan	8-Jun	Mark Lambert	Mark Lambert
Determine procedure of handling mis-directed cash payments	8-Jun	Karen Johnson	Cash
Announce to NiSource to not make changes to the system (re-routing, etc)	10-Jun	Dan Whetstone	NiSource
Project Implementation Plan Publish and All Hands Review Meeting	10-Jun	Dan Whetstone	NiSource
Test Maine low income rates for penalty exemptions	10-Jun	Carrie Pascoe	Billing
Test Tax Exemptions for Municipals	10-Jun	Carrie Pascoe	Billing
Test Unbilled phantom read elimination in conversion (Jim to provide list of unbilled reads)	10-Jun	Michelle Gamble	IS
Test deposit conversion change to reflect the exclusion of unpaid deposits prior to 6/1/09	10-Jun	Michelle Gamble	IS
Schedule meetings with Derek Davidson (MPUC) and Amanda Noonan (NHPUC)	10-Jun	Mark Lambert	Mark Lambert
Test Protection Codes	11-Jun	Sue Corson	Credit
Test Open items for C/S (CS5, CS13, CS15, CS22)	11-Jun	Lisa Desrochers	CS
Develop Training topics and materials for system end users (Billing, Credit, C/S)	11-Jun	Lisa Desrochers	CS, Billing, Credit
Test Late Fees on Budget Deferred Balances	12-Jun	Michelle Gamble	IS
Test Average Daily Temperature for Maine	12-Jun	Michelle Gamble	IS
Deposit Interest Report	12-Jun	Mary-Jane Cleveland	Billing
Payment Type Report	12-Jun	Karen Johnson	Cash
No Bill Report	12-Jun	Karen Johnson	Billing
Read vs. Process Report	12-Jun	Karen Johnson	Billing
Test Bates College as soon as Sungard resolves their case.	12-Jun	Michelle Gamble	IS

Test all MDS functions post May conversion run	12-Jun	Michelle Gamble	IS
Test GTRAC Enrollments /Removals	12-Jun	John Wassam	Supplier Billing
Test GTRAC Supplier Billing	12-Jun	Gary Mathews	Billing
Test GTRAC Company Managed Supplier Billing	12-Jun	Gary Mathews	Billing
Siemens to complete call flows	12-Jun	Lisa Desrochers	CS
Determine procedure for handling mis-directed calls	12-Jun	Lisa Desrochers	CS
Discussion concerning pre-note process for converted bank drafts & check payments	12-Jun	M.J. Cleveland	Cash/IS
Get a complete contact list for both Portland and Portsmouth	12-Jun	Lisa Desrochers	CS
Determine if additional staffing will be required for CS, Credit, Billing, etc.	12-Jun	Lisa & Mary-Jane CSC	CS, Billing, Credit

W/E June 20th	Due Date	Person Responsible	Department / Function
Establish Go-Live Teams (Cash, Billing, CS, Credit, Reconciliation, Supplier)	15-Jun	Mark L. / Dan W.	Mark Lambert
Determine all NU url links and bookmarked links how they re-direct to Unitil.com	16-Jun	Lisa Desrochers	Web
Test connectivity of lines all the way through for all scenarios (IVR functions to dispatch to CSR)	16-Jun	Lisa Desrochers	CS
No additional credit work orders	16-Jun	Mary-Jane Cleveland; Mary P	NiSource/Credit
Tuesday's News announcing plans	16-Jun	Don Hudson	Communications
Audit Count of Remaining DNR Meters - Establish plan of action	16-Jun	Justin Eisfeller	Meters
Prepare materials & finalize questions for meeting with regulators	16-Jun	MJ, Lisa, Mark	CS
Train the Trainers	18-Jun	Lisa Desrochers	CS
Last shut off dates for field	18-Jun	Mary-Jane Cleveland; Mary P	NiSource/Credit
Notify Field Collectors of plan	18-Jun	Chris Dube	Meter Reading
Establish temporary procedure for cash collected in the field	18-Jun	Karen Johnson	Cash, Metering
Define Roles and Responsibilities for teams for cutover weekend and post cutover	18-Jun	Mark L. / Dan W.	Mark Lambert
Complete full testing of web site content and My-Unitil functionality	18-Jun	Lisa Desrochers	Web
Finalize July bill insert content for insertion with Kubra's insert campaign	18-Jun	Don Hudson	Communications
Prepare for next week's training and prepare materials (Billing, Credit, CS)	19-Jun	Lisa Desrochers	CS, Billing, Credit
Communications to Suppliers about Easy On availability during transition	19-Jun	John Wassam	Supplier Billing
Send targeted e-mail to Direct Link users announcing transition	19-Jun	Mark Lambert	Web
NU Website includes language on EDS page announcing transition dates for EDS customers	19-Jun	Lisa Desrochers	Web
NU IVR includes language on EDS options announcing transition dates for EDS customers	19-Jun	Lisa Desrochers	CS
Meet with Derek and Amanda	19-Jun	Mark Lambert	Mark Lambert
Confirm all supplier contracts with Until have been received	19-Jun	John Wassam	Supplier Billing

Test new 24 lines for gas emergency calls	19-Jun	Lisa Desrochers	CS
Establish plan to re-direct web site for NU (to include bookmarked pages)	19-Jun	Sean Baker	Web
Finalize changes made to call flows, line connectivity, IVR changes (if necessary)	19-Jun	Lisa Desrochers	CS
Update PC Charge Pro with new merchant numbers	19-Jun	Karen Johnson	Cash
Notify Citibank that their service is no longer required	19-Jun	Karen Johnson	Cash
Finalize work space and equipment for additional staffing if necessary	19-Jun	Jim Pomer	CS / IS

W/E June 27th	Due Date	Person Responsible	Department / Function
Provide Daily Metered Transportation Customer Files	22-Jun	Norma Porro; Ron Slate	NiSource Gas Trans
Training for end users - week 1 of 1	26-Jun	Lisa Desrochers	CS
Finalize materials/procedures for end users to be used after the conversion	26-Jun	Lisa Desrochers	CS, Billing, Credit
Plan activities for CSC (food, review contests, etc) for next week and week of live	26-Jun	Lisa Desrochers	CS
Finalize Granite State billing process	26-Jun	John Wassam	Supplier Billing
Finalize GTRAC training	26-Jun	John Wassam	Supplier Billing
GTRAC webinar for suppliers	26-Jun	John Wassam	Supplier Billing
Review Web Content and My-Unitil	26-Jun	Lisa Desrochers	Web
Verify all program mods made in Test libraries are in place for Live libraries	26-Jun	Bill Charette, Rich Fournier	IS

Monday, June 29th	Time	Person Responsible	Department / Function
Cash			
Contact Western Union of go live date		Karen Johnson	Cash
Contact JP Morgan & Citizens of go live date		Karen Johnson	Cash
Contact EDS of go-live		Karen Johnson	Cash
Contact Bank of America of go-live		Karen Johnson	Cash
Communicate with Mary Kneeland about mis-directed payment procedure after go-live		Karen Johnson	Cash
Complete training requirements prior to go live date		Karen Johnson	Cash
Message put on EDS landing page for NU's site announcing transition and taking away option	10:00 PM	Karen Johnson; Phil Wells	Web
Credit			
Notify Fuel Assistance and other State Agencies of go live date		Sue Corson	Credit
Notify Alliance One collection agency of go live date		Sue Corson	Credit
Review with Nisource and Maine State Housing if any pending fuel assistance payments		Sue Corson	Credit
Contact Northern to provide the following information as of final closing:		Sue Corson	Credit
<i>ALL Open Bankruptcy files & determine cut off dates</i>		Sue Corson	Credit
<i>NSF Checks that are received after the go live</i>		Sue Corson	Credit
<i>Active/Open regulatory complaints</i>		Lisa Desrochers	CS
<i>3rd Party Guarantees and Bonds</i>		Sue Corson	Credit
<i>Liens</i>		Sue Corson	Credit
<i>Tax Exemption Certificates</i>		Sue Corson	Credit
Customer Service			
Review plans with Pat Teague, Phil Wells, Virginia Anthony (Ensure all are in sync with plan)		Lisa Desrochers	CS

Begin Review Testing with end-users (procedures, regulatory rules, system changes)		Lisa Desrochers	CS
Message put on IVR taking down EDS payments	10:00 PM	Lisa Desrochers; Anne Bell	CS; NiSource
Verify IVR message	10:05 PM	Lisa Desrochers	CS
Finalize go-live dates and plans with Siemens, Milsoft, Paetec, NiSource		Lisa Desrochers	CS
Final testing of scripts, call flows, SQL payments		Lisa Desrochers	CS
Final review of all CS reports		Lisa Desrochers	CS
Final review of Siemens Call reports		Lisa Desrochers	CS
Meter Reading and Billing			
Review and Revise meter reading schedules with metering and services		Mary-Jane Cleveland	Billing
Review Sundry Miscellaneous Receivable applications		Gary Mathews	Billing
Review code files in H T E and update if necessary		Carrie Pascoe	Billing
Notify all staff in the billing and collections department of anticipated go live		Mary-Jane Cleveland	Billing
Final rate checks completed		Carrie Pascoe	Billing
Finalize training of billing staff		Karen Johnson	Billing
Discussion to ensure test system to live system changeover		Mary-Jane Cleveland	Billing
Printing & Mailing			
Notify Kubra of anticipated start date		Mary-Jane Cleveland	Mailing
Update Kubra site with communications/insert campaign		Sue Corson	Mailing
Update Kubra site with pull bill and suppress bill accounts		Sue Corson	Mailing
Set up Kubra processing to not process any documents without approval requirement		Mary-Jane Cleveland	Mailing
Complete training requirements prior to go live date		Sue Corson	Mailing
Supplier / GTRAC			

Communicate with suppliers of go live date and Unutil contact information		John Wassam	Supplier Billing
Update Northern supplier website with black out date for changes		John Wassam; Ron Slate	Supplier Billing; NiSource Gas Trans
Complete training requirements prior to go live date		John Wassam	Supplier Billing
Reconciliation			
Review and complete all reconciling models if necessary		Kristina Guay	Reconciliation
Review G/L and A/P plan with Deb M. and Deb C.		Mary-Jane Cleveland	Reconciliation
Month end sundry billing for UES and FGE month end closing		Gary Mathews	Reconciliation
WebSite			
Final review of content and functionality		Lisa Desrochers	Web
Updated Unutil Web Featured Highlights - Reconcile to communication plan		Don Hudson; Peter Barnosky	Web
Work Orders/MDS			
Review MDS cutoff dates and go-live plan with CS, OPS, Metering		Michelle Gamble	MDS
IT			
Verify Jobs to Image Copy PROD to "I" Region is Scheduled - Run after DJ37	(DJ38 Series) Report	Jim Nykolayko	IBM

Tuesday, June 30th	Time	Person Responsible	Department / Function
Dan Whetstone Arrive in Hampton	5:30 PM	Dan Whetstone	NiSource
Rickey Dodson Arrive in Hampton	5:30 PM	Rickey Dodson	IBM
Lionel Rogers Arrive in Hampton	5:30 PM	Lionel Rogers	Sungard/H.T.E.
Cash			
Take EDS Website down for Credit Card and E-Check payments	1:00 AM	Karen Johnson; Phil Wells	Cash
Last file for Zap Check sent by NU for withdrawals on 7/2	5:00 PM	Karen Johnson; Mary Kneeland	Cash; NiSource
Notify JP Morgan to send files to Unitil effective 7/1	12:00 PM	Karen Johnson	Cash
Notify Western Union to send files to Unitil effective 7/1	12:00 PM	Karen Johnson	Cash
Customer Service			
Review Testing with end-users (procedures, regulatory rules, system changes)		Lisa Desrochers	CS
Testing IVR, Siemens (call flows, scripts, functionalities)		Lisa Desrochers	CS
Continue Web Review		Lisa Desrochers	CS
Printing and Mailing			
Review List of letters to be printed at the CSC versus by Kubra		Sue Corson	Printing/Mailing
Website			
Continue to review website for content and My-Unitil (if necessary)		Lisa Desrochers	CS

Wednesday, July 1st	Time	Person Responsible	Department / Function
Command Center Established Hampton, NH - 24 hour phone bridge open	8:00 AM	Dan Whetstone;Jim Nykoloayko	NiSource;IBM
Cash			
Cash exceptions (JP Morgan) sent to Unitil		Karen Johnson	Cash
Last EDS file posted by NiSource	5:00 PM	Karen Johnson;Mary Kneeland	Cash; NiSource
Last Web Self Serve (auto posting) file posted by NiSource	5:00 PM	Karen Johnson;Mary Kneeland	Cash; NiSource
Customer Service			
Review Testing with end-users (procedures, regulatory rules, system changes)		Lisa Desrochers	CS
Review changes and expectations with Pat Teague and NiSource CSR's		Lisa Desrochers	CS
Meter Reading and Billing			
Read Cycle 1 Maine and NH		Chris Dube	Meter Reading
Work all outstanding billing exceptions through end of month routes		S. Leastman	NiSource Billing
Website			
Ensure that all messages are on the NiSource web site announcing transition		Lisa Desrochers	Web
Ensure that message is on Direct Link announcing transitional period.		Lisa Desrochers	Web
Ensure EDS message is on Web announcing site is down.		Lisa Desrochers	Web

Thursday, July 2nd	Time	Person Responsible	Department / Function
Cash			
Contact all cash vendors to review weekend and go-live activities	12:00 PM	Karen Johnson	Cash
Last JP Morgan file posted by NiSource	5:00 PM	Karen Johnson	Cash
Last Western Union file posted by NiSource	5:00 PM	Karen Johnson	Cash
Last Citibank file posted by NiSource	5:00 PM	Karen Johnson	Cash
Last Web Self Serve (auto posting) file posted by NiSource	5:00 PM	Karen Johnson	Cash
Last Alliance file posted by NiSource	5:00 PM	Karen Johnson	Cash
Last Wire/ACH (manual posting) file posted by NiSource	5:00 PM	Karen Johnson	Cash
Last Zap Check withdrawals	5:00 PM	Karen Johnson	Cash
NiSource to send list of all new Zap Check enrollments not processed in June	5:00 PM	Mary Kneeland	NiSource-Cash
List of pending zap check withdrawals that have to be entered manually in July	5:00 PM	Mary Kneeland	NiSource-Cash
Credit			
Contact all agencies and vendors to review weekend and go-live activities		Sue Corson	Credit
Contact Alliance One with instructions on sending payments and invoices		Sue Corson	Credit
Customer Service			
Review Testing with end-users (procedures, regulatory rules, system changes)		Lisa Desrochers	CS
Contact all vendors to review weekend and go-live activities		Lisa Desrochers	CS
Contact stakeholders on go-live plans (Unitil, NiSource Call Center and IBM)		Lisa Desrochers	CS
Meter Reading and Billing			
Work ALL billing exceptions through Cycle 1 (includes all incompletes prior to)		Sherry Leastman	NiSource-Billing

Send detailed list of cutomers that exception was not cleared		Mary Gannon	NiSource-Billing
Process Final Bills, etc		Sherry Leastman	NiSource-Billing
Contact all internal stakeholders to review the weekend and go-live activities		Mary-Jane	Billing
Printing and Mailing			
Contact all vendors to review weekend and go-live activities		Sue Corson	Mailing
Supplier / GTRAC			
Complete Transportation customer billing for June consumption		Norma Porro	NiSource-Supplier
Complete Supplier Billing		Norma Porro	NiSource-Supplier
Contact NiSource and Unitil stakeholders to review the weekend and go-live activities		John Wassam	Supplier Billing
Nisource will provide any information for supplier or transportation customers that could not bill		Ron Slate	NiSource-Supplier
Provide Usage and index reads (automated File)		Dawn Maciejewski; Norma Porro	IBM IT;NiSource
Website			
Contact all stakeholders and IT to review weekend and go-live activities		Lisa Desrochers	Web
Message put on My Unitil instructing customers to call if they can't locate their account number		Lisa Desrochers	Web
Work Orders / MDS			
Contact all Unitil stakeholders to review the weekend and go-live activities		MJ, Lisa, Michelle	MDS
IT			
NiSource shuts off Work Order creation/print to printers in Bay State	7:00 PM	Mark Shrall	NiSource IT
Request Supplier Enrollment reports be generated - to Ron Slate		Kim Schoolcraft	NiSource IT;IBM
CUTOVER Go/ No-go Decision – Primary Stakeholders - Unitil, NiSource, IBM, Sungard (4 hrs prior to start time of cutover)	4:00 PM	Mark Lambert; Ray Morrissey; Dan Whetstone; Lionel Rogers; Jim Nykolayko	Unitil;NiSource;IBM;Sungard
CHECKPOINT: If decision if to not proceed, jump to step Appendix 1			

Alert computer operations that Production Cutover will proceed.	4:10 PM	Jim Nikolayko;Rickey Dodson	IBM
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Friday, July 3rd	Time	Person Responsible	Department / Function
Nisource website shut down for suppliers ATV's, enrollments & drops from 7/3-7/6 no activity accepted		Ron Slate, Norma P.	NiSource
Nisource will send the ATV data to Sean Baker at Unitil to update GTRAC with info 7/1-7/6		N. Porro, R. Slate	Nisource
Nisource will send list to Sean Baker & MJ Cleveland of supplier enrollment changes effective in July		N. Porro, R. Slate	N. Porro, R. Slate
IT			
CIS On-line is brought down.	12:00 AM	Dennis Kaster Schedule	IBM
Contact customer service for BSG and inform them that the CIS database has been brought down.	12:00 AM	Jim Nykolayko;Rickey Dodson	IBM
Northern environments are backed up	12:00 AM	Bret Wayne	IBM
Regular Financial Month End Close Jobs Are Executed	12:00 AM - 12:00 PM	IBM Operations	IBM
Verify Image Copy of Prod to "I" Region Has Begun - Completed	12:00 AM - 2:00 AM	Rickey Dodson	IBM
Execute the balancing report jobs (Report 1 Report 2)	1:00 AM - 4:00 AM	Rickey Dodson	IBM
Execute the balancing query jobs (Mary Jane Queries)	1:00 AM - 3:00 AM	Rickey Dodson	IBM
Update the file/record counts produced fom extract sysouts	1:00 AM	Rickey Dodson	IBM
DBA Run "RUNSTAT" job against large tables	2:00 AM- 3:00 AM	Bret Wayne	IBM
Verify Completion of DJ83 (DJ37 series) Report against "I" region	2:00 AM	Jim Nykolayko;Rickey Dodson	IBM
Request that the data extract driver tables be created.	12:00 PM	Rickey Dodson	IBM
Capture and send final Billing Image Copies for NU - Stop process	2:00 PM	Mike Starasinic	IBM
Execute the data extract programs. Extract from "I" Region	3:00 PM - 1:00 AM	Rickey Dodson	IBM

Saturday, July 4th - Timeline is Estimated based on prior tests	Time	Person Responsible	Department / Function
IT			
IT EXTRACT Go/ No-go Decision – Primary Stakeholders - Unitil, NiSource, IBM, Sungard	1:00 AM	Mark Lambert; Ray Morrissey; Dan Whetstone; Lionel Rogers;	Unitil;NiSource;IBM;Sungard
IT CHECKPOINT: If decision if to not proceed, jump to step Appendix 2			
FTP Files to Unitil - Contact Dan Whetstone when complete	1:00 AM - 6:00 AM	Srini K	IBM
Notify Unitil/Sungard when FTP is complete	6:00 AM	Dan Whetstone; Jim Nykolayko	NiSource;IBM
Mark Shrall begin Northern Customer removal processes from NiSource systems	6:00 AM	Mark Shrall	NiSource
Produce the Balancing Analysis Reports/spreadsheets and email to Michelle and Mary Jane.	10:00 AM	Rickey Dodson	IBM
Capture June Plus 2-day activity report in Spreadsheet	10:00 AM	Srini A/Mark Shrall	IBM
Create detailed AR Access Database report for Unitil	11:00 AM	Mark Shrall	IBM
Request all files (repts) produced in prior step be downloaded to PC as zipped files	12:00 PM	Rickey Dodson	IBM
FTP 2 reports to Unitil - Contact Dan Whetstone when complete	1:00 PM	Srini K	IBM
Unitil Sungard			
Files move from FTP server to AS400 at Unitil	6:00 AM	John King	Unitil
Copy Converted files to Sungard DB's	6:00 AM - 6:45 AM	Jim Carnell	Sungard
NH Conversion	6:45 AM - Noon	Jim Carnell	Sungard
ME Conversion	Noon - 5:30 PM	Jim Carnell	Sungard
Balancing Conversion	3:30 PM - 5:30 PM	Jim Carnell	Sungard
Provide Balancing Report to Unitil	5:30 PM	Jim Carnell	Sungard
IT EXTRACT Go/ No-go Decision – Primary Stakeholders - Unitil, NiSource, IBM, Sungard	5:30 PM	Michelle Gamble	Unitil
IT CHECKPOINT: If decision if to not proceed, jump to step Appendix 3			
Evaluate rerun needs, etc or continue..	6:00 PM	Michelle Gamble;Jim Carnell	Unitil;Sungard

Unitil Balancing			
Confirm beginning balance with Accounting	6:00 PM	Kristina, Gary, Todd	Reconciliation
Revenue , sched 19, special trial balance, credit balance reports	6:00 PM - 8:00 PM	Rich Fournier	IS
Confirm receipt of reports	6:15 PM	Kristina, Gary, Todd	Reconciliation
Perform balancing routines (Month of June plus 2 days of July activity)	6:15 PM - 12:00 PM	Kristina, Todd	Reconciliation
Reconcile Converted Deposits plus non-converted with total NiSource deposits	6:15 PM - 12:00 PM	Kristina, Todd	Reconciliation
BALANCING CHECKPOINT: Communicate status of conversion balancing to Larry, staff	9:00 PM	Chad Dixon	Internal Audit

Sunday, July 5th	Time	Person Responsible	Department / Function
Unitil Balancing			
Perform Balancing as mentioned in "Unitil Balancing" section if not completed on Saturday	6:00 AM	Kristina, Gary, Todd	Reconciliation
Complete balancing of June plus 2 days in July		Kristina, Gary, Todd	Reconciliation
Task List all areas			
Load Web and IVR data Billing Usage Payment files for initial load. Send to Sean.	3:00 AM - 10:00 AM	Rich Fournier, Sean Baker	IS
Review listing of unbilled reads from Jim Carnell's program	7:00 AM	Mary-Jane	Billing
Populate SQL data base with CIS data (Web and IVR)	12:00 PM	Sean, Peter	IS
Populate GTRAC data - new and historical	12:00 PM	Sean Baker	IS
Update Therm Factor		Michelle Gamble	Billing
Verify Penalty Rates		Mary-Jane	Billing
Verify Penalty Flags are turned off		Mary-Jane	Billing
Review delinquency set up and make sure it is off until further notice		Michelle Gamble	Credit
Verify Deposit Interest Rates and Pay through Dates		Mary-Jane	Billing
Modify Delinquent Dates to Calculate Penalties		Mark Roberts	Credit
Verify unbilled reading list from conversion run		Jim Carnell	IS
List of unbilled pending charges (no penalties or lates will be included but all others)		Jim N/Rickey/Shrall	NiSource IT
List of pending activity that did not convert		Michelle Gamble	IS
Review Billing Schedules		Karen Johnson	Billing
Run Rate Checks		Kristina Guay	Billing
Set up manually 19 customer accounts with multiple easy care plans		Carrie Pascoe	Billing
Review Special Contract Billing rates and customer set up		Carrie Pascoe	Billing

Set up and add 2 telemetering charges for LePage Bakery		Carrie Pascoe	Billing
Test Work Orders from CIS to MDS to ensure they are received		Lisa Desrochers	CS
Download Cycle 2 for July 6th reading	ASAP	Bill Charette	IS
ATV data from 7/1-7/6 from Nisource list will need to be manually entered into CIS and GTRAC		Sean Baker	IS
Enrollment changes from the Nisource list must be manually entered into CIS and GTRAC for the daily pools that must be updated by 7/6		Sean Baker	IS
Reconcile H T E and GTRAC to ensure information agrees		Sean Baker, MJC	Billing / IS
Sign off on Conversion and confirm Go-Live	6:00 PM	Mark Lambert, Chad	Mark Lambert
Notify NiSource and Unitil team owners	6:00 PM	Mark Lambert, Chad	Mark Lambert
CHECKPOINT - Final Decision Point for Go Live - Unitl - Sungard			
Cummunicate Decision to Move Forward or Not - All Staff - Vendors			
CHECKPOINT: If decision if to not proceed, jump to step Appendix 3			
Re-point 4 new lines to CSC (2-Emergency, 2-Non Emergency)	10:00 PM	Lisa, Bob Mayo	CS
Re-point Verizon Business Lines (1 Credit, 1 Billing, 1 Service)	10:00 PM	Bob Mayo/NiSource	IS
Re-point web urls to Unitil	10:00 PM	Sean, Peter	IS

Monday, July 6th	Time	Person Responsible	Department / Function
Additional staff deployed to the Concord, NH Call Center			
Ellie Christianson			Billing Temporary
Bob Mayo			Unitil IS - Phones
Michelle Gamble			Unitil IS - CIS
Bill Charette			Unitil IS - CIS
Rich Fournier			Unitil IS - CIS
Mark Roberts			CIS Consultant
Dan Whetstone			NISource
Rickey Dodson			IBM
Jim Nykolayko			IBM
Arjan from Siemens			Siemens
Cash			
Receive JP Morgan Lock Box cash file from FTP server and decrypt file & run program		John King	IS
Process file and convert account numbers		Rich Fournier	IS
Receive Western Union file from FTP server and decrypt file & run program (check on this??)		John King	IS
Receive Western Union Payment file and convert account number to process payments		Rich Fournier	IS
Run JP Morgan cash listing		Karen Johnson	Cash
Run Western Union cash listing		Karen Johnson	Cash
Review exceptions on JP Morgan and Western Union and make corrections		Karen Johnson	Cash
Post JP Morgan Cash File		Karen Johnson	Cash
Post Western Union Cash		Karen Johnson	Cash

Contact Western Union of Go Live		Karen Johnson	Cash
Contact JP Morgan & Citizens of Go Live		Karen Johnson	Cash
Contact Bank of America of Go Live		Karen Johnson	Cash
Contact Citizens of Go Live		Karen Johnson	Cash
Enter pending bank drafts / Unipay's (list from NiSource)		Karen Johnson	Cash
Receive list from Kubra of EBPP customers and forward to IS		Karen Johnson	Cash
Update new account numbers for Checkfree EBPP customers in CIS (from Kubra)		Bill Charette	Cash
Verify Checkfree list and return to Kubra and verify they are updated in system		Karen Johnson	Cash
Review information back from Kubra and verify Kubra Doc Web Info		Karen Johnson	Cash
Verify Universal Cash System is accurate		Karen Johnson	Cash
Credit			
Credit will not process any credit lock work orders for the first 14 days after go live.		Sue Corson	Credit
Review system coding for protections, fuel assistance, tax exemptions, and payment plans.		Sue Corson	Credit
Run delinquency reports and review for accuracy		Sue Corson	Credit
Determine if notices can be processed for mailing due to converted aging of accounts.		Sue Corson	Credit
Notify Fuel Assistance and other State Agencies of Go Live		Sue Corson	Credit
Notify Alliance One		Sue Corson	Credit
Begin Calling all Payment Arrangement Customers		Sue Corson	Credit
Customer Service			
Test Phone line connectivity all the way through systems	12:00 AM	Bob Mayo	IS
Test Phone Emergency calls - connectivity all the way through dispatch and to available CSR's	12:00 AM	Lisa Desrochers	CS
Test functionality of IVR	12:00 AM	Lisa Desrochers	CS

Test call flow functionality of Siemens	12:00 AM	Lisa Desrochers	CS
Test Web Content	12:00 AM	Lisa Desrochers	CS
Test My Unutil customer data	12:00 AM	Lisa Desrochers	CS
Test Web forms from customers	12:00 AM	Lisa Desrochers	CS
Communicate with Milsoft of Go Live		Lisa Desrochers	CS
Communicate with Siemens of Go Live		Lisa Desrochers	CS
Communicate with Paetec of Go-Live		Bob Mayo	IS
Verify and finalize bill messages		Don Hudson/Lisa	Communications
Meter Reading and Billing			
Verify Billing Schedule		Karen Johnson	Billing
View accounts in off cycle after download to ensure proper status		Karen Johnson	Billing
Schedule "Update No Billing" for 5:00 pm (Make sure cash is all posted)	5:00 PM	Carrie Pascoe	Billing
Verify due dates and delinquency dates in bill update		Carrie Pascoe	Billing
Continue to review converted data in H T E		CSC Staff	Billing
Reports provided to billing with account numbers for sample customers for each rate, budgets, rentals, guardian care, special contracts.		IT	Billing
Review outcome of billing update once complete		Mary-Jane Cleveland	Billing
Review Sundry data		Gary Mathews	Billing
Review manually the Transportation Billing customers to ensure they are set up accurately		Carrie	Billing
Review the Maine Multiple meter accounts (i.e. Bates College)		Carrie	Billing
Printing & Mailing			
There will be no printing and mailing files for Kubra on day 1 as no billing has been processed		Mary-Jane	Mailing
Notify Kubra of Go Live		Mary-Jane	Mailing

Verify insert campaign and update the Kubra IDOX		Sue Corson/Don Hudson	Mailing
Supplier / GTRAC			
Update website with message to suppliers		John Wassam	Web
Review GTRAC System for accuracy		John Wassam	Supplier Billing
Communicate with suppliers of Go Live		John Wassam	Supplier Billing
Process any transportation or supplier billing that could not be processed by Nisource		John Wassam, Carrie Pascoe	Supplier Billing
Reconciliation			
Run Rate Check Program		Kristina Guay	Reconciliation
Continue to verify converted data and work with Accounting on any outstanding items		Kristina, Gary, Todd	Reconciliation
No new activity as no billing or payment transactions have been processed and billing update has not been performed.		Krisina	Reconciliation
CHECKPOINT: Crisis backout Contingency - If Go Live Day 1 decision is to backout migration - Go to Appendix 3		Mark Lambert	

Tuesday, July 7th	Time	Person Responsible	Department / Function
Cash			
Reconcile Cash from Go Live Day transactions		Karen Johnson	Cash
Receive electronic cash transactions for Northern that are processed day 1		Karen Johnson	Cash
Receive lock box transactions from JP Morgan & Citizens		Karen Johnson	Cash
Run cash edits and review report and spot check in CIS		Karen Johnson	Cash
Post cash transactions		Karen Johnson	Cash
Credit			
Run delinquency reports and review for accuracy		Sue Corson	Credit
Determine if notices can be processed for mailing due to converted aging of accounts.		Sue Corson	Credit
Verify delinquency days on accounts from Go Live Day billing update no billing		Sue Corson	Credit
Print Payment Plans created on Go Live Day on paper and check prior to sending file to Kubra		IT, Credit Staff	Credit
Print any DSM letters created on Go Live Day paper at CSC for review prior to sending file to Kubra		IT, Credit Staff, CSC	Credit
Continue calling customers and setting up payment arrangements		Credit	Credit
Customer Service			
Repeat testing from prior day		Lisa Desrochers	CS
Begin calls for Payment Arrangements		Lisa Desrochers	CS
Meter Reading and Billing			
Set upload flag to hold all accounts prior to upload		Mary-Jane Cleveland	Billing
Download Cycle 3	6:30 AM	IT	Billing
Run billing edits and review both 305L and 420L for accuracy		Billing Staff	Billing

Run charges through excel rate check sheets to ensure charges are correct from sample accounts provided by IT		Carrie Pascoe	Billing
If it is determined there are no issues with edits and charge calcs billing will be submitted		Carrie Pascoe	Billing
Schedule billing update to run at 5:00 pm	5:00 PM	Carrie Pascoe	Billing
Once billing has completed, sample bills will be printed at CSC		Mary-Jane Cleveland	Billing
Verify accuracy of bills and bill print prior to sending files to Kubra		Mary-Jane Cleveland	Billing
Printing & Mailing			
View sample payment plans and letters on Doc Web and if o.k. approve for processing.		Sue Corson	Mailing
Reconciliation			
Perform reconciliation on previous days update no billing and cash transactions		Kristina, Gary	Reconciliation
Supplier / GTRAC			
Bill Company Managed billing		Gary Mathews	Supplier Billing

Wednesday, July 8th	Time	Person Responsible	Department / Function
The same steps will continue each day, as day after go live, until it is determined that everything is working as it should		Mary-Jane , Lisa	All
Test Live Data		Mark Lambert	Mark Lambert
Adjust schedules to normal work plan		Mark Lambert	Mark Lambert
Prepare Large Power billings from NiSources data into new GTRAC		Gary Mathews	Billing
Reconciliation			
Full reconciliation will be performed on first complete billing update that was submitted on Day After Go Live		Kristina, Gary	Reconciliation
Communicate any issues with reconciliation with Manager and Accounting		Kristina, Gary	Reconciliation
Dan Whetstone Travel back home	5:00 PM	Dan Whetstone	NiSource
Rickey Dodson Travel back home	3:00 PM	Rickey Dodson	IBM
Lionel Rogers Travel back home	3:00 PM	Lionel Rogers	Sungard/H.T.E.

July 9th - July 31st		Person Responsible	Department / Function
Continue to Call customers for payment arrangements	7/9/09 - 7/31/09	Sue Corson	Credit
Manually input pending Auto-Draft (Unipays) throughout month in accordance with cycle	7/9/09 - 7/31/09	Karen Johnson	Cash
Revenue Recovery Electronic Documents send over to Unitil	7/13/2009	Sherry Leastman	NiSource-Billing RR
Provide Monthly Cash Out Reports	7/14/2009	Norma Porro;Ron Slate	NiSource Supplier
Provide Supplier Billing File	7/14/2009	Norma Porro;Ron Slate	NiSource Supplier
Production Reports completed	7/15/2009	Michelle Gamble	IS
Send to Mark Lambert NH June SQI data including July activity (through July 5th)	7/21/2009	Virginia Anthony	NiSource Regulatory
Run Script to clean out Northern Customers/Suppliers from NiSource EZ system	7/29/2009	Dawn Maciejewski	IBM IT - EasyON
Send to Mark Lambert Maine SQI ytd data by month (through July 5th)	7/31/2009	Virginia Anthony	NiSource Regulatory
Monthly PUC Report	7/31/2009	Kevin Hankins	NiSource
Monthly CAD Report for Maine PUC	7/31/2009	Kevin Hankins	NiSource
Remove electronic hardware / PC/ laptops, etc.	7/31/2009	Jim Nykolayko	IBM

Overview

During the months and weeks leading up to Unitil's Customer Information System ("CIS") conversion, Internal Audit reviewed the test plans prepared by the functional integration teams, monitored the execution of the test plans and validated the tests performed by Unitil's functional integration teams on the various CIS business requirements. In addition, Internal Audit also provided the functional integration teams with guidance regarding the appropriate sample sizes for test populations, the expected requirements for supporting documentation and the process for remediation of issues identified during the testing.

Internal Audit's validation tests focused on three critical risk areas, which are identified and summarized below:

1. Conversion of the CIS customer data
2. Operation of the CIS interfaces
3. Operation of the CIS

Conversion of the CIS Customer Data

The conversion of the CIS customer data from the NiSource CIS to the Unitil CIS represents the most significant risk of the three CIS business requirements noted above. The completeness, accuracy and validity of the converted Northern Utilities, Inc. ("Northern") customer portfolio is the foundation from which Unitil will provide Northern's customers with the highest level of customer service (e.g., timely response to customer account inquiries, accurate billing, etc.).

Objective

To review the test plans designed and executed by the functional integration teams to ensure that the Northern customer portfolio converted and populated in Unitil's CIS is valid, complete and accurate and that customer data is secure.

Audit Scope / Results

Internal Audit's reviews and validation tests included the results of the following testing that was performed by the functional integration teams:

- Customer data / attribute testing (e.g., name, address, rate class, status, meter #, etc.) for approximately 1,000 customers from the February 2009 customer data conversion
- Customer data / attribute testing for approximately 1,000 additional customers from the February 2009 customer data conversion following changes in the conversion process identified in the initial testing of the February 2009 customer data conversion
- Customer data / attribute testing for approximately 175 customers from the March 2009 customer data conversion following changes in the conversion process identified in the testing of the February 2009 customer data conversion
- Customer data / attribute testing for approximately 30 customers from the May 2009 customer data conversion following changes in the conversion process identified in the testing of the March 2009 customer data conversion
- Conversion and transfer of Northern's CIS portfolio to Unitil's CIS test environment for March 31 and May 31, 2009

As a result of the reviews and validation tests performed, Internal Audit noted that the functional integration teams had identified special handling items (e.g., payments plans, interest on deposits, etc.), which cannot be converted programmatically, that will need to be addressed by Unitil at the time of the CIS conversion. The functional integration teams have prepared plans to address these special handling items.

In addition, Internal Audit also noted that the functional integration teams identified various issues throughout the testing process that required remediation and follow-up testing, which was reviewed by Internal Audit.

Conclusion:

As of June 15, Internal Audit's work related to the CIS conversion is complete. Based on the reviews and validation tests performed and discussions with management, Internal Audit has obtained reasonable assurance that the conversion of the CIS customer data has been appropriately tested and that issues identified during the testing are being remediated by management.

Operation of the CIS Interfaces

The CIS interfaces represent the inputs and outputs between the CIS and various Unitil information systems and third-party vendors. These interfaces are vital to ensure that customer transactions are properly recorded, updated and reported. In addition, the CIS interfaces also provide data which is vital to ensure that financial and regulatory reporting is complete, accurate and timely.

Objective

To review the test plans designed and executed by the functional integration teams to ensure that the CIS interfaces are valid, complete and accurate.

Audit Scope / Results

Internal Audit's reviews and validation tests included the results of the following testing that was performed by the functional integration teams including:

- Metering (e.g., upload and download of customer accounts and meter reads)
- Work Orders (e.g., creation of work orders, transfer to and from mobile data system)
- Customer Service Web (e.g., customer transactions and communications via the website)
- Cash (e.g., customer receipts and application, interaction with third-party vendors)
- General Ledger / Reconciliation (e.g., journal entries for financial and statistical information)
- Accounts Payable (e.g., processing of customer deposit refunds)
- Sundry (e.g., plant accounting, interaction with mobile data system)
- Mailing (e.g., transfer of customer communications to third-party vendor including bills, letters, bill inserts, etc.)
- Regulatory (e.g., rate update process, production reports, etc.)

As a result of the reviews and validation tests performed, Internal Audit noted that the functional integration teams identified various issues throughout the testing process that required remediation and follow-up testing, which was reviewed by Internal Audit.

Conclusion

As of June 15, Internal Audit's work related to the CIS interfaces is complete. Based on the reviews and validation tests performed and discussions with management, Internal Audit has obtained reasonable assurance that the operation of the CIS interfaces has been appropriately tested and that issues identified during the testing are being remediated by management.

Operation of the CIS

The proper operation and functioning of the CIS are integral to providing Northern's customers with accurate billing, application of customer receipts, credit and collections and customer service.

Objective

To review the test plans designed and executed by the functional integration teams to ensure that the setup of the CIS environments for Northern's Maine and New Hampshire divisions was properly performed, and to ensure that the Northern customer transactions processed in Unitil's CIS are complete, accurate and valid.

Audit Scope / Results

Internal Audit's reviews and validation tests included the results of the following testing that was performed by the functional integration teams:

- Billing (e.g., according to tariff, per rate class, late fees as applicable, adjustments, cancel / rebills, etc.)
- Cash (e.g., receipt and application of cash from all sources, posting priority, etc.)
- Credit (e.g., payment plans, billed deposits, write offs, letters / notices, etc.)
- Customer Service (e.g., IVR, web, etc.)
- Sundry (e.g., charges for non gas services)

As a result of the reviews and validation tests performed, Internal Audit noted that the functional integration teams identified various issues throughout the testing process that required remediation and follow-up testing, which was reviewed by Internal Audit.

Conclusion

As of June 15, Internal Audit's work related to the operation of the CIS is complete. Based on the reviews and tests performed and discussions with management, Internal Audit has obtained reasonable assurance that the function and operation of the CIS has been appropriately tested and that issues identified during the testing are being remediated by management.



Maine: 866-933-3821 • www.unitil.com • New Hampshire: 866-933-3820

- ✓ **Safety:** The safety of our customers and our crews is our number one priority. Accordingly, in the event of any emergency involving gas service – such as a gas odor – you should call us IMMEDIATELY at:
 - 866-900-4460 for Maine customers;
 - 866-900-4115 for New Hampshire customers.
- ✓ **Non-Emergency Calls:** For all other customer questions, including rates, collections, billing, metering, energy efficiency, products and services, requests for service appointments, and all other customer service matters, please call:
 - 866-933-3821 for Maine customers;
 - 866-933-3820 for New Hampshire customers.

- **EBPP:** The “Electronic Bill Presentation and Payment” option through CheckFree allows you to receive and pay your bill electronically on-line. If you are currently enrolled in this option, no changes are required. If you are not currently enrolled, you may do so at our website, www.unitil.com, after July 7th.
- **E-check:** After July 7th, you may pay with an electronic check over our 24-hour automated telephone system, by logging on to www.unitil.com, or by speaking with one of our customer service representatives.



Get Ready, Get Set...

Unitil’s Customer Information Billing System for gas customers in Maine and New Hampshire is about to “go live.” Here’s what to expect...

Get Ready, Get Set, Go Live!

Following months of testing, Unitil will be making changes to our Billing System, Web Site, and Customer Service Call Center on Tuesday, July 7th. System conversions will begin on Tuesday evening, June 30th, and will require about a week to complete. During this period, limited customer account information and automated services will be available, but **emergency services will not be interrupted!**

Here are some of the changes our Maine and New Hampshire gas customers will see next month:

- ✓ **Bills:** Bills will look a little different, but will contain the same billing components and descriptions. If you have more than one account with Unitil, you will receive multiple bills, but we will consolidate them in one envelope if they are scheduled to be mailed on the same day. Conversely, if you have been accustomed to receiving separate bills for your services (gas service, rentals, and deposits), we will combine those on a single bill. And finally, residential customers who once received bills on a bi-monthly basis, will now receive a bill every month.
- ✓ **Your Account Number:** Your account number will also change after July 7th. Your new account number will be a 14 digit number. This is an important change for two reasons: 1) Recording the new account number on the memo section of the check that you mail in; and 2) Changing your account number on any bill paying service like a third-party company or your bank. Making the proper changes to your new account number will ensure that your payment is posted promptly and accurately.
- ✓ **Direct Link:** If you have been using “Direct Link” services for on-line account access and bill payment services, please note that this bill payment feature will be inactive from June 30th to July 7th. However, access to account information will still be available during this time. That service will be replaced by the “My Unitil” service after July 7th. You will find the same functionality after you register for a “My Unitil” on-line account after July 7th.

If you are not currently a “Direct Link” user, but would like to try the convenience and flexibility of this on-line service, we recommend that you visit www.unitil.com after July 7th and register for a “My Unitil” account.

- ✓ **Payment Methods:** Regardless of the payment method you choose, there are no service charges.
 - **ACH/Wire:** If you are currently paying your bill by ACH/Wire, please begin making the necessary changes after July 7th to include your new Unitil account number found on your new bill in July. If you are not currently paying your bill by ACH/Wire and wish to do so after July 7th, call our Customer Service Center, or e-mail us by selecting the “contact us” link on our website. Our response will include the Unitil routing/transit number and the bank account information required to send your payment electronically.
 - **Bill Payment Services through Your Bank:** If you are currently using a bill payment service through your bank, be sure to make the change to your new 14-digit account number, which will be available on your first bill received after July 7th.
 - **Cash:** You may pay in cash at any of our convenience pay locations. A list of these locations will be available after July 7th, at www.unitil.com
 - **Check:** We accept paper checks in the mail or at any of our convenience pay locations. A list of these locations will be available at www.unitil.com, after July 7th.
 - **Credit Card:** After July 7th, you may pay by MasterCard® and Visa® through our 24-hour automated telephone system, by logging on to www.unitil.com, or by speaking with one of our customer service representatives.
 - **Direct Debit:** Also known as “Uni-Pay,” direct debit is an automatic bank draft taken directly from your bank account on a monthly basis. If you are currently enrolled in the direct debit option, no changes are required. If you are not currently
- Continued on back panel.*