

November 2008



**UNITIL / NORTHERN
TRANSITION PLAN REPORT**

UNITIL / NORTHERN
Transition Plan Report
November 17, 2008

| TABLE OF CONTENTS | PAGE |
|--|-------------|
| SECTION 1: EXECUTIVE SUMMARY | 3 |
| SECTION 2: TRANSITION SERVICES – UPDATE | |
| A) Transition Services – Overview | 7 |
| B) Transition Services – Expenditures Summary | 11 |
| SECTION 3: BUSINESS INTEGRATION PLAN – UPDATE | |
| A) Cutover Approach | 12 |
| B) Go-Live Plan | 15 |
| C) Employee Training | 35 |
| D) Capital Projects – Expenditures - Summary | 36 |
| SECTION 4: APPENDICES | |
| A) Transaction Service Agreement: Draft 7/10/08 | |
| B) Transition Services: Draft Annexes 11/15/08 | |
| C) Transition Services: Detail List 11/15/08 | |
| D) Cutover Weekly / Daily Milestones: Draft 11/15/08 | |

SECTION 1: EXECUTIVE SUMMARY

As of mid-November, the schedule is to hold the Transaction Closing (“Closing”) on Monday December 1, 2008. On that date, Unitil Corporation (“Unitil”) will acquire all of the stock of Northern Utilities, Inc. (“Northern”) and Granite State Gas Transmission, Inc. (“Granite”). The Closing is subject to completion of the regulatory approval process and the execution of Unitil’s financing plan. Immediately upon Closing, the transition of Northern’s and Granite’s operations into the Unitil System of Companies will move from the planning and preparation stages into the implementation phase.

The planning and preparation for this integration has been underway for over six months. Most of Northern’s and Granite’s business functions will come under Unitil’s management and control in the first month following Closing, with the support of the Transition Services Agreement (“TSA”) between Unitil and NiSource and its affiliates, including Bay State Gas Company (“Bay State”). The functions necessary to provide Customer Service to Northern’s 52,000 customers will transition entirely to Unitil’s control by the end of the first quarter of 2009. The Customer Service functions including customer billing, cash remittance and call center operations, will remain with Bay State until February, 2009 when these functions migrate to Unitil’s Customer Service Center.

The November Transition Plan Report presents Unitil’s efforts to complete the regulatory approval process and bring the transition and integration of Northern and Granite into its final execution stages. As of November 15, 2008, the status of the regulatory approvals follows:

- On October 10, 2008, the New Hampshire Public Utilities Commission (“NHPUC”) issued its final order approving the acquisition.
- On October 22, 2008, the Maine Public Utilities Commission (“MPUC”) issued its approval of the Acquisition Settlement Stipulation with certain conditions. Unitil

filed along with Northern motions for reconsideration of the order on narrow grounds requesting clarification and/or modification of conditions of approval contained in the order. Unitil and Northern are seeking a final order on reconsideration from the MPUC on or before November 17, 2008.

- As of November 15, 2008, the Massachusetts regulatory process is in the final stages and Unitil is seeking a final order from the Massachusetts Department of Public Utilities (“MDPU”) approving the acquisition on or before November 17, 2008.

Both the NHPUC and the MPUC have also approved long-term debt financing associated with the acquisition. Pending the timely receipt of all necessary regulatory approvals, Unitil and NiSource have agreed to target the Closing of the transaction for Monday, December 1, 2008, resulting in a month-end close.

In the September Transition Plan Report, we updated you on the draft “Go-Live” plans and the estimated timelines for their execution. In the October Transition Plan Report, we updated those items and provided details on Unitil communication plans to Northern’s customers and employees. In the November Transition Report, we are providing more information regarding the two major components of Unitil’s Transition Plan: a) the Transition Services Agreement (“TSA”) between Unitil and NiSource and its affiliates, and b) the Business Integration Plan (“BIP”), which is being coordinated between Unitil and NiSource to bring together all of Northern’s and Granite’s operations within the business processes of Unitil.

The TSA is an integral component of the Transition Plan because it will provide for the smooth transition of Northern and Granite to Unitil by ensuring that there is no interruption or diminution to the quality of service provided to customers as Northern and Granite are fully integrated into Unitil. In the November Transition Plan Report, we provide a comprehensive view of the TSA, which is currently under legal and management review by

Unitil and NiSource personnel. The TSA will be executed just prior to closing based on the draft TSA materials in this report. In this report, we provide: a) an overview of the TSA, b) a summary of expenditures to date, c) the current draft of the TSA, d) the TSA Annexes describing the services to be rendered under the agreement, and e) the detail list of tasks to be performed by NiSource and Bay State in delivering the services described in the contract Annexes. The executed TSA will be filed with the appropriate regulatory authorities shortly after Closing.

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 November Transition Plan Report includes a report on the significant progress that has been made to finalize and execute those plans to cutover responsibility for Northern's and Granite's business functions to Unitil after the Closing. In this report, we summarize: a) the cutover approach, b) the functional Go-Live plans, c) employee training, d) the expenditures for integration projects, and e) a calendar of daily / weekly milestones to accomplish the cutover.

The cutover approach, as reported in the October Transition Plan Report, has been designed around the closing of the transaction at a month-end with cutover of the majority of the financial and operational systems taking place in the days and weeks following Closing. A schedule of those cutover milestones is contained in Appendix D. The development and testing of systems relied upon to produce public and management financial reports, and to provide back office services to many gas company functions has been a focus of the integration effort over the past month. These systems include general ledger accounting, construction accounting, plant accounting, payroll, accounts payable and cash. A more detailed description of the final Go-Live plans is included in the November Transition Plan Report as many of the FITs have updated their plans over the past month as the Closing nears. As planned, two significant financial and operational systems will cutover in the

months following the closing: 1) Customer Service (currently scheduled for the first quarter of 2009) and, 2) the Gas Dispatch and Control function (currently scheduled for the second quarter of 2009). A more detailed summary of the cutover of these two processes is provided in Section 3 of this report.

The Closing date depends on the receipt of final regulatory approvals in New Hampshire, Maine and Massachusetts and the execution of Unitil's financing plan. Unitil has committed to provide these Transition Plan Report updates monthly, on the 15th of each month through out the transition period. Unitil will provide the next update on December 15 and will continue to provide monthly updates in 2009 until the transition is completed.

SECTION 2: TRANSITION SERVICES – UPDATE

A) Transition Services Agreement – Overview

The Transition Services Agreement ("TSA") is an integral component of the Transition Plan because it will provide 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. The TSA acts as the Transition Plan "safety net" to remain in place only as long as needed. The TSA will only cover those services that Unitil requires and only for a time period that Unitil elects. The TSA will contain an initial term and provide for extended terms, if needed, with notice from Unitil. The TSA term is transitional and is meant to end for each Unitil function as promptly as practicable once Unitil's ability to provide each service have been properly tested followed by the execution of a Go-Live transfer plan. Under the TSA, NiSource will provide, 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. Unitil's objective is to replace the TSA services in an efficient and timely manner after the transaction closing but not before Unitil is prepared to provide these services.

There are currently 13 draft Annexes representing specific services to be provided under the TSA. There is also a 14th Annex, a "catch-all" Annex, that will provide a mechanism for NiSource to respond to Unitil requests for support that are either relatively minor efforts or have not been identified at this time. The functions that are performed by the 75 Northern and Granite employees who work in the Portsmouth and Portland operations centers and who are joining Unitil will transition immediately to Unitil at Closing. However, certain operational support activities, described below, will continue to be provided by NiSource as transition services. In addition, certain centralized management and

administrative services currently provided to Northern and Granite by NiSource and its affiliates, including Bay State, will be transferred to Unitil in a coordinated manner over a one-to-six month period after the Closing. As discussed in the Executive Summary, the most notable transition services pertain to the Customer Service and the Gas Dispatch and Control functions.

A copy of the current draft of the TSA is provided as Appendix A to this report. The TSA provides for the general contractual terms and conditions as well as 14 Annexes, which define the specific transition services to be provided. The first 13 Annexes address services to be provided by NiSource and its affiliates, including Bay State, in the following areas:

1. Customer Information System ("CIS") 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: Billing for regulated sales and transportation customers including any changes to rates, billing of services that are not regulated, and provision of customer refund data to Unitil Accounts Payable;
3. Treasury Services: Receive and record customer remittance payments, post to customer accounts, and transfer funds to Unitil;
4. Customer Communications Services: Call center services for customers that are provided with regulated and unregulated services as well as new business calls, response to customer complaints received by the NHPUC and MPUC, recording of call center performance for service quality reporting, maintenance of the external customer website, and preparation of bill inserts;
5. Credit & Collections Services: Credit and collections services associated with regulated and non-regulated services including implementation of new

- requirements, tasks associated with agency programs, maintenance of customer protections, moratorium-related processes, and preparation of regulatory reports;
6. Meter Reading Services: Daily work assignment for meter readers, transfer of data from monthly read meters to CIS, preparation of monthly regulatory reports, and reading of Metscan meters and associated processing activities;
 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 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 and retail supplier management.
 10. Field Services: Provide all field service activities to the Southern New Hampshire service area including emergency response, leak response, dig-safe activities and maintenance activities;
 11. Granite 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;
 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.
 13. Engineering & Regulatory Reporting Services: Complete 2008 data through the closing date for several engineering regulatory reports (Unitil will add any remaining 2008 data and file the reports); and

The fourteenth Annex is a “catch-all” that provides a mechanism for NiSource to respond to Until requests for support that are either relatively minor efforts or have not been identified at this time.

The current drafts of the TSA Annexes are attached as Appendix B. In addition, the current list of Until’s requested transition services, which were used to produce the Annexes, is attached as Appendix C. As provided in the TSA, if services are needed beyond the “Initial Term,” there is a provision for Until to request extended periods of service from NiSource until Until is able to perform the particular function independently of NiSource.

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 Transition Services Agreement, (the “TSA Costs”). As of November 17, 2008, Unitil has not incurred any TSA Costs.

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. Unitil has incurred certain Other Transition Costs, for which Unitil will not seek cost recovery in rates. As of October 31, 2008, Transition Costs incurred to date include:

| <u>Transition Costs – NiSource and Affiliates:</u> | <u>Amount</u> |
|--|---------------|
| Total | <u>\$ 0</u> |

| <u>Other Transition Costs:</u> | <u>Amount</u> |
|----------------------------------|--------------------|
| Consulting and Professional Fees | \$ 388,935 |
| Temporary Help and Labor | 639,913 |
| Other Miscellaneous Costs | <u>53,222</u> |
| Total | <u>\$1,082,070</u> |

SECTION 3: BUSINESS INTEGRATION PLAN – UPDATE

A) Cutover Approach

1. Cutover Plan

The cutover approach, as reported in the October Transition Plan Report, has been designed to close the transaction at a month-end and also cutover the majority of the financial and operational systems at the same time. The development and testing of systems relied upon to produce public and management financial reports, and to provide back office services to many gas company functions, has been a focus of the integration effort over the past month. These systems include general ledger accounting, construction accounting, plant accounting, payroll, accounts payable and cash. As planned, two significant financial and operational systems will cutover in the months following the closing: 1) Customer Service (currently scheduled for the first quarter of 2009) and, 2) the Gas Dispatch and Control function (currently scheduled for the second quarter of 2009).

The Go-Live component of the Business Integration Plan (“BIP”) for Unitil’s acquisition of Northern and Granite presents the steps necessary for the cutover of business processes, functions, data and systems from NiSource and Bay State to Unitil. These activities are described in detail in Section 3B that follows. In many cases and as discussed in Section 2A, transition services will be an integral component of the Go-Live plans and overall cutover approach.

When the October Transition Plan Report was prepared, many of the Go-Live plans called for Unitil to assume responsibility for several corporate and financial functions at the Closing and many of these functions are supported by Unitil systems that were being enhanced to accommodate Northern and Granite transactions. The development and testing of systems relied upon to produce public and management financial reports, and to provide back office services to many gas company functions has been a focus of the integration effort over the past month. These systems include general ledger accounting,

construction accounting, plant accounting, payroll, accounts payable and cash and these systems have been tested and are ready to cutover in the days and weeks following the Closing.

2. Test Plans

As noted in the September and October Transition Plan Reports, functional cutovers for the FITs will not begin until all processes, data, and systems have been thoroughly tested by the functional integration teams. In addition, functional cutovers will not occur until agreement is reached between Unitil and NiSource and Bay State indicating specifically when NiSource will stop performing a particular function or process because Unitil is prepared to assume these responsibilities. The execution of Go-Live cutover procedures shall only occur after these processes and systems have been successfully tested. Unitil's Internal Audit group will attest to the validity, accuracy and completeness of the integration test procedures and Unitil's external auditors will perform selected tests of the procedures as well. The current status of the Go-Live plans is explained for each function in Section 3B.

The test plans prepared by the FIT leaders are designed to test the relevant functionality for the systems that have been modified as well as all functionality for newly developed systems. In addition, systems that will be the recipient of historical information will also be tested to: 1) verify that the historical information can be imported and, 2) validate or reconcile the historical information imported.

Unitil's approach to the development of new processes and systems (and therefore to the integration effort) is to perform a series of tests until all processes and systems are ready to perform at high ("production-ready") standards. Many processes can be tested independently of other processes and the teams are preparing to test accordingly. However, there are a number of processes that are closely integrated and must be tested at the same time based on a common data set. These include many processes involved with

the CIS system and metering, construction, work orders, payroll and accounting / financial processes.

Unitil's testing approach is applicable to both financial and operational systems; however, the test steps performed are based on the purpose and function of each system. Unitil's financial and financial-related systems, which include general ledger accounting, construction accounting, plant accounting, payroll, accounts payable, cash and CIS (for sales, revenues, cash remittance, write-offs, accounts receivable and account adjustments) provide information necessary to prepare Unitil's financial reports for various regulatory agencies and other stakeholders, are subject to a testing approach that ensures amounts reported in the financial statements are complete, valid and accurate. Unitil's operational systems are tested to ensure that the system's functionality has been validated and that the system's performance and reporting meets Unitil's expectations and requirements.

Certain test plans that are associated with functions receiving transition services (e.g., Customer Service, Gas Dispatch and Control, and their related input/output systems) are still under development. Unitil will continue to provide updates on the status of the testing efforts for these functions in the December Transition Plan Report.

B) Go-Live Plan

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

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

The final functions to transition to Unitil are anticipated to be the Gas Dispatch and Control functions. These functions will transition in the second quarter of 2009 when a new Gas Dispatch function is operational at Unitil.

The Go-Live plan involves not only processes and systems, but detailed steps to be executed by specified individuals in the weeks leading up to and following the closing of the transaction. Extensive coordination will be required among Northern, Granite and NiSource during the weeks before and for a period after the Closing.

The Go-Live plans are tied to two key dates: the Closing and the Customer Services Go-Live date. If these dates change, affected teams will shift their Go-Live schedules accordingly. The transaction closing date is tied to receipt of regulatory approvals by the MPUC, NHPUC and MDPU. The Customer Services Go-Live date will occur at the beginning of a month and is subject to continual assessment based on the status of data conversion and testing results. The Customer Services cutover will be extended for a month at a time, if necessary, until all testing of processes and the CIS system is satisfactorily completed.

This section provides an overview of Unitil's Go-Live plans; each of the teams that will require Go-Live events have prepared, and have continued to update as more details are developed, the detailed Go-Live checklists with individual (Unitil, NiSource and Bay State) responsibilities, test verification points and documentation, and timelines. This section also identifies certain functions for which transition services are currently anticipated that is consistent with the description provided in Section 2A.

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

- (1) Customer Services: billing, collection, and call center functions to be transitioned after Unitil's CIS system is tested and populated with Northern customer data;
- (2) Accounting and Finance: functions to be 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;
- (4) Distribution Field Operations: the dispatching of field crews beginning with the Closing in 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 that will transition 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 will be 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.

(1) Customer Services

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

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

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

and maintenance of information on Northern's customer website and Energy Measurement (Metering).

The Customer Services Go-Live date will occur at the beginning of a month and is subject to continual assessment based on the status of data conversion and testing results.

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

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

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

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

The Business Services team Go-Live plan includes the need to execute new contracts with third-party implementation contractors whose contracts are with Bay State and cannot be assigned to Northern Utilities. This team will also need to ensure that

incoming sales and Demand Side Management inquiries are responded to appropriately during the period before Unitil's CIS is ready and the Unitil call center receives these customer calls.

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

**Selected Customer Service Go-Live Activities are included in the
Cutover Weekly / Daily Milestone calendar at Appendix D**

(2) Accounting and Finance

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

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

The test plans for the financial systems underlying the Accounting and Finance teams are being prepared and executed by the respective teams.

The Accounts Payable team has developed a plan with NiSource under which Northern and Granite employees will stop processing invoices for payment by NiSource approximately one week prior to the closing. Invoices received after this date will be entered into Unitil's accounts payable system but will not be paid until after the transaction closes. NiSource will process its final check run for vendor invoices on the day prior to the closing. NiSource will remain responsible for costs incurred prior to the closing even if Unitil's Accounts Payable processes the check. This payment activity will be reflected in the

transaction working capital adjustment calculations. During Unitil's CIS transition period, Accounts Payable will process customer refunds manually for the period between the closing and the date on which the CIS system is ready to go live.

The Corporate Accounting team is responsible for establishing the beginning balance sheet as of the transaction closing and preparing to post all post-transaction activity to the proper accounts, including new accounts that have been established for Northern and Granite. This plan requires close coordination between Unitil and NiSource and Bay State to obtain general ledger entries for the opening balance sheet, and the post-close periods from November until Unitil's CIS is live. Corporate Accounting will need transition services from NiSource to obtain accounting entries for transactions that continue to be processed by the NiSource CIS until Unitil's CIS is operating.

The Construction Accounting team is responsible for establishing the balances for all open construction projects. The balances will be based on the final construction and plant ledgers, which will be provided by NiSource as of the Closing.

Treasury's Go-Live task includes establishing new bank accounts and a lockbox to handle customer receipts after the closing.

**Selected Accounting and Finance Go-Live Activities are included in the
Cutover Weekly / Daily Milestone Calendar at Appendix D**

(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. For example, customers must be able to interact with Northern the way they do today, including the ability to report gas leaks and transact via the web to pay bills or request customer service. This team is also responsible for changing

signage and ensuring that the Unitil phone numbers are on all facilities and field markers.

This team will run ads to communicate safety issues to the public.

The key messages are:

- Unitil is a gas and electric distribution company headquartered in Hampton NH. After the completion of the transaction, Unitil will be operating gas distribution systems in Massachusetts, New Hampshire and Maine and electric distribution systems in Massachusetts and New Hampshire.
- The employees of Northern Utilities are being retained in the transaction and the products, services, rates and operations for natural gas customers in New Hampshire and Maine will be unchanged – only the name is being changed. Over 50 new jobs are being created.
- Unitil is a local New England utility with a reputation of solid reliability, strong safety, reasonable rates and commitment to the local community.
- Safety is Unitil's number one priority – in the event of any emergency involving gas service, including someone smelling gas, they should call immediately: [866-900-4115](tel:866-900-4115) in NH. [866-900-4460](tel:866-900-4460) in ME.
- For all other customer questions, including rates, credit, billing, metering, energy efficiency, products and services, requests for service appointments and all other customer service matters, customers should call: [866-933-3820](tel:866-933-3820) in NH, and [866-933-3821](tel:866-933-3821) in ME.

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

Several Go-Live activities have been completed over the past month. These completed tasks address preparations for new signage, the development of a process to implementation and reporting of Pipeline Integrity Management Programs and compliance with the reporting requirements of RP1162. Progress on necessary updates to the Unitil website has also been made over the past month with testing of the website currently in process,

A customer newsletter containing critical information will be sent to Northern's customers after the Closing. Drafts were sent to Maine and New Hampshire Consumer Division staff for review and comment. The content of the newsletter will also form the basis

for newspaper advertising, which we intend to release as soon as possible after the Closing. Post-closing bills will also have the key information repeated in bill messages.

Customer Services will be provided by NiSource during a transition period beginning at Closing, so customer billing, service and processing will remain "business as usual" until the cutover of Unitil's CIS. We will be drafting the customer communication materials for the post-CIS cutover in the coming weeks and will share those with you for review and comment.

Selected Corporate Communications Go-Live Activities

| Team | Go-Live Activity | Date |
|-------------------------|---|--------------------------------|
| Corp. Communications | Install vehicle decals and new building signs | Within two weeks of close |
| Corp. Communications | Begin general safety ads with CO2 ads | January |
| Corp. Communications | Begin RP 1162 safety ads | January |
| Corp. Communications | Provide final web content to IT | Completed |
| Corp. Communications | Web development and testing completed | November 15 – CIS Go-Live Date |
| Corp. Communications | Web page goes live | CIS Go-Live Date |
| Corp. Communications | Place newspaper ads with customer information | Month of close |
| Customer Communications | Customer information on transaction | Month of close |

(4) Distribution Field Operations

The field operations functions involve the dispatch of crews in response to emergencies and for routine work. Crew dispatch is based on work orders that are initiated and closed out through the CIS system. These functions are made possible by mobile data

terminals (customized laptops) in the service trucks and radio and cellular communications to and from the trucks. These functions are addressed by the following teams:

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

Unitil's software solution for mobile communications is 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 Northern's customer service center to personnel in the field via cell phone data transfer to field service laptops. Unitil's MDS will also include the field collectors to improve the credit and collections processes.

The Go-Live plans for these teams address the need to finalize emergency response protocols from the Portsmouth dispatch operations to the field personnel, to establish and test radio and cellular communications, train dispatchers on different types of emergencies, and to simulate each type of emergency. These plans will not be completed until mobile desktops are installed and the MDS has been developed and tested.

These teams have developed contingency plans that can be implemented if the "24/7" dispatch center and the mobile data terminals, which are currently scheduled to be available on the transaction closing date, are not available at that time. As part of these contingency plans, Unitil would acquire emergency dispatch transition services from Bay State. Further, dispatch of field personnel depends on customer work orders that are generated by the CIS. For the period between the transaction closing and the cutover of Unitil's CIS, Unitil will require records transfer from NiSource's CIS to schedule daily activity and will transfer data back to the CIS at the end of each day regarding work that has been completed.

Selected Distribution Field Operations Go-Live Activities

| Team | Go-Live Activity | Date |
|------------------------------|---|--------------------------------|
| Network / Telecommunications | Phone lines and central radio system in place | October 15 |
| Field Services Dispatch | MDS completed and fully tested | November 21 |
| Field Services Dispatch | Confirm procedures for transfer of work orders from NiSource (Brockton Dispatch) to Unitil; monitor dispatch functions via radio; review open work orders; assign work orders for next day | December 1 |
| All Field Service Teams | Train field service employees on MDS using the new mobile data terminals | November 24 - 26 |
| All Field Service Teams | Establish emergency dispatch protocols; test communications systems and data capture on mobile data terminals; train dispatchers; simulate emergencies and scheduled work dispatching in a test environment | November 3 - 26 |
| Energy Production | Test the compliancy management aspects of the Preventative Maintenance Tracking System ("PMTS") | One week prior to closing date |
| Field Services Dispatch | Transfer control of radios to Unitil; initial receipt of live work orders from NiSource; assign work orders using MDS | Closing date |

| | | |
|------------------------|---|----------------------------|
| Gas Operations Support | 1-2 current Unitil operations services staff / managers on site at each Northern location | Day of closing and forward |
|------------------------|---|----------------------------|

The majority of field operations functions will be transitioning to Unitil at the closing and will not require much transition services support beyond the transfer period. NiSource will continue to provide emergency coverage (24 / 7) as well as leak response, dig-safe activities, and maintenance activities for the southern New Hampshire service territory for at least two months or until Unitil has hired, trained and equipped a full-time staff to serve this area and the Unitil CIS is operational.

(5) Gas Supply and Gas Dispatch and Control

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

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

The Gas Supply team’s Go-Live plan addresses the completion and testing of several responsibilities including supply contracting, scheduling, invoice processing, reporting, and capacity assignment and hedging. The Gas Supply team will shadow Bay State monthly gas supply planning efforts including participation in Bid Week activities (gas industry period three to five days before the beginning of the next month during which short-term spot purchases and sales are transacted). As transition services are contemplated for at least the first two months, it will be necessary to establish respective Bay State and Unitil

roles during the transition services period. Unitil is planning on transition services as needed for daily operations, gas cost accounting, interruptible billing, regulatory reporting, resource planning and retail supplier management.

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

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

The SCADA team is responsible for acquisition, installation and commissioning of a SCADA database system. This system will collect SCADA reads from all points and transmit them to both the Bay State dispatch center in Ludlow and to the new Unitil dispatch center in Portsmouth. Although the Unitil SCADA system will provide flow information as soon as it is available, the dispatch center operations will follow the three-phase approach described in the preceding paragraph. Unitil will acquire transition services prior to the Closing for NiSource to assist in the testing and commissioning of the new SCADA system. During the initial stages of this Unitil SCADA installation and testing, both companies will rely on the existing NiSource system to provide data to both dispatch centers via a live web-link viewer, essentially providing a redundant information path. Unitil will be able to monitor and

train in parallel with Ludlow during all three transition phases utilizing this web viewer or the new SCADA system.

Selected Gas Supply and Gas Control Go-Live Activities

| Team | Go-Live Activity | Date |
|--------------|---|---|
| Gas Dispatch | Telemetry phone lines and recording devices in place | First week of December |
| Gas Supply | Participate in Bid Week activities | Last week of November and December |
| Gas Supply | Finalize December gas supply plan | November 24 |
| Gas Dispatch | Prepare initial daily load forecast and compare to NiSource | December 6 |
| Gas Supply | Perform capacity assignments in a test environments | December |
| Gas Dispatch | Determine purchases and schedule deliveries; confirm deliveries | December 1 |
| Gas Dispatch | Nomination adjustments | December 2 |
| Gas Supply | Execute daily supply decisions | From one week after closing until no longer necessary |
| Gas Supply | Verify, process and pay supplier invoices | December 15 |
| Gas Dispatch | Initial testing of GTRAC | December |
| Gas Supply | Prepare monthly CGA report | December 31 |
| Gas Supply | Terminate NiSource access to Northern's gas supply assets | At end of transition services |

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

(6) Engineering and Operations Management

There are several distribution engineering and operations functions that Unitil must enhance in order to support Northern service areas. These enhancement efforts are generally "one-time" efforts but they do have limited Go-Live aspects. These teams include:

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

In several cases, the Go-Live plans are actions required to ensure that Unitil is prepared to provide these functions and are expected not to need transition services support. GIS data will need to be made available on service personnel mobile data terminals mounted in the service vehicles. These terminals combined with Unitil's new Mobile Data System ("MDS") enable field personnel to fulfill their duties efficiently. Several teams depend on completion and testing of enhancements to existing systems or the development of the new Compliancy Management System ("CMS"). Personnel will then need to be trained on the new system.

The Damage Prevention team's Go-Live plan is more involved and requires a precise cutover between the entering of Dig Safe tickets in the NiSource system (IRTH Net) and Unitil's outsourced service (Dig Track). This cutover will occur at the Closing.

The Material Procurement team is charged with performing physical inventory counts of materials and supplies at Closing.

Many of these teams are not expected to need transition services support and are not particularly dependent on the transaction closing date, although GIS data will need to be

made available to service personnel through their mobile data terminals. However, the Engineering Regulatory Reporting team will need to take transition services through the end of the year to ensure that Until is able to meet its reporting requirements immediately after the Closing. In these instances, NiSource will provide 2008 data through the Closing for several engineering regulatory reports and Until will add any remaining 2008 data and file the reports.

Selected Engineering and Operations Management Go-Live Activities

| Team | Go-Live Activity | Date |
|----------------------------------|--|-------------------------|
| GIS | Publish NH GIS data onto laptops | End of December |
| Procedures Manuals | Emergency procedural manual completed | One week prior to close |
| Multiple Teams | Training on CMS | November 24-25 |
| Engineering Regulatory Reporting | Assume Integrity Management Plan responsibilities for Northern and Granite | Closing date |
| Damage Prevention | Locators close out completed tickets and print open tickets; contact Dig Safe and end duplicate dispatching of tickets | Closing date |
| Material Procurement | Conduct materials and supplies inventory of Lewiston, Portland and Portsmouth locations | Closing date |
| Damage Prevention | Audit ticket dispatching and monitor Dig Track | Day after closing date |
| Several Teams | Review of procedures and systems | Week after close |

The Construction, Distribution System Maintenance and Damage Prevention teams will need transition services to serve the southern New Hampshire service territory.

(7) Transmission System Management and Operations

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

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

The Gas Transmission Operations Go-Live plan is similar to the Go-Live plans for many distribution functions as Unitil must be prepared to maintain and operate the pipeline, respond to emergencies, and report compliance with applicable rules and regulations. Service crews will be equipped with the same mobile data terminals that provide access to the same systems and communicate using the same technologies.

In contrast, the Gas Transmission Management team's Go-Live plan reflects a cutover from NiSource's transmission group of a set of responsibilities that are not currently provided by either Northern or Unitil; but are provided by NiSource's subsidiary, Columbia Gas Transmission. These include the cutover of pipeline administration functions, informational electronic bulletin board ("EBB") posting, regulatory reporting & compliance, invoicing, and accounting responsibilities. The Granite EBB will be maintained by the same third-party vendor that currently provides services to NiSource.

Selected Transmission System Go-Live Activities

| Team | Go-Live Activity | Date |
|-----------------------------|---|---|
| Gas Transmission Management | Update EBB to incorporate Unitil corporate information | Closing date |
| Gas Transmission Operations | Simulate a service emergency in a live environment | Week before closing |
| Gas Transmission Operations | Review of procedures and systems | Before closing |
| Gas Transmission Management | Pipeline administration functions including nominations & scheduling, tracking of customer OBAs | Until cutover of gas dispatch and control |
| Gas Transmission Management | Assume regulatory reporting and compliance responsibilities | Closing date |

| | | |
|-----------------------------|--------------------|---|
| 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 GTRAC and CIS (for shipper billing) systems are operational and Unitil is controlling and monitoring gas dispatch. 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.

(8) Corporate

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

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

The Payroll and Benefits teams will ensure that Northern's employees do not experience any lapse in either pay or benefits. The Insurance team will ensure that a larger Unitil has appropriate coverage levels.

The Corporate Governance team will act at the closing to establish new Boards of Directors for Northern and Granite to facilitate certain standard activities including establishment of bank accounts for these entities.

The Regulatory team will work closely with NiSource throughout the transition to ensure that Northern continues to meet the numerous scheduled filing and reporting obligations that will occur in the months following the closing. This team may need to change tariffs to reflect rate or other tariff changes around the Closing. The Regulatory Go-Live plan reflects the need for transition services for at least an additional month and for more limited services for tariff and rates administration until the CIS cutover. These services include the need for NiSource to continue to perform certain regulatory services, including preparation of filings that rely on 2008 data until Unitil is prepared to assume these responsibilities. Unitil will require NiSource to reflect any rate changes in the NiSource CIS until that system cuts over to Unitil in the first quarter of 2009.

The Regulatory team will work closely with NiSource throughout the transition to ensure that Northern continues to meet the numerous scheduled filing and reporting obligations that will occur in the months following the transaction closing.

Selected Corporate Go-Live Activities

| Team | Go-Live Activity | Date |
|-----------------|--|-------------------|
| Human Resources | Enroll covered Northern employees in Unitil's DOT program | Closing date |
| Benefits | Coordination with Anthem/Delta to ensure that Northern employees get credits for deductibles satisfied to date | Closing date |
| Regulatory | Update tariff and rate summaries books | Until CIS cutover |
| Human Resources | Bay State to inform Unitil of employees absent due to short-term disability or other approved absence | Closing date |
| Benefits | Notify NiSource of date Unitil coverage commences and NiSource coverage terminates | Closing date |
| Human Resources | Provide supervisors with 2009 Salary Admin packages | November 15 |

| | | |
|----------|---|--------------------------------------|
| Payroll | Unitil processes first payroll for hourly and salary employees | December 8 |
| Benefits | NiSource provides Unitil with a pension census with accrued benefit as of the closing for union employees | First day of first month after close |

(9) Infrastructure

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

- 270 - Facilities
- 280 - Northern Fleet and Facilities
- 540 – Network / Telecommunications

Unitil will begin transfer of the facilities after the transaction closes and Unitil owns the properties. However, NiSource is providing access to Unitil and its contractors so that plans can be prepared to transfer the facilities and relocate the employees at closing.

The Northern Fleet and Facilities team has Go-Live activities on the day of the closing including the inventory of fleet that is being acquired, issuance of gasoline purchase cards and transponders, and the provision of building access keys and cards to appropriate personnel. Fleet and facilities coordinators will be available in Portsmouth and Portland after the closing to address any questions.

The Network / Telecommunications teams will have several Go-Live activities in the weeks leading up to the closing including the installation and configuration of network file and email servers, a new phone system in Portsmouth, acquisition of new desktop and laptop computers, as needed, and implementation of network security.

Selected Infrastructure Go-Live Activities

| Team | Go-Live Activity | Date |
|-------------------------------|---|-----------------|
| Network / Telecommunications | Install MPLS communication lines at NU Portland, ME and Portsmouth, NH | Completed |
| Network / Telecommunications | Install and configure WAN routers, routing equipment and LAN switches at NU Portland, ME and Portsmouth, NH | Completed |
| Network / Telecommunications | Configure and install network file servers at NU Portland, ME and Portsmouth, NH | Completed |
| Network / Telecommunications | Configure and install network Exchange | Completed |
| Network / Telecommunications | Install and configure VoIP phone system at NU Portsmouth, NH | Completed |
| Network / Telecommunications | Test and verify VoIP phone communications to all Unitil locations from Portsmouth, NH | Completed |
| Network / Telecommunications | Test and verify network, data, voice and email communications to/from NU locations | Completed |
| Network / Telecommunications | Phone and Voice Mail Training | Week of closing |
| Network / Telecommunications | Training on general desktop orientation and network security | Week of closing |
| Northern Fleet and Facilities | Inventory fleet; issue gas cards | December 1 |
| Northern Fleet and Facilities | Issue keys and cards for access to buildings | Closing date |

C) Employee Training

Unitil will be conducting approximately 30 training sessions for Northern employees and new hires in the weeks leading up to the Closing and beyond. These training sessions include the following:

| <u>Training Session</u> | <u>Date</u> |
|---|----------------------------|
| Mobile data terminals for field dispatch personnel and the MDS | November 17-18 |
| Administrative functions (including time entry, expense reports, purchasing and access to data for reporting) | November 19, 21 |
| Materials and supplies | November 19, 21 |
| Payroll | November 19, 21 |
| Compliance management and the CMS | November 24-25 |
| G-Intake (a system that supports the business development function) | November 25, December 2 |
| Reading of GIS files | December 10-11 |
| Meter reading / MV90 | December 16 |
| Accounting reports | December 17 |
| Handling of work orders | December 18 |
| Safety orientation | TBD – Post closing |

To the extent that training of Northern field personnel is required prior to the Closing, Unitil and NiSource are working closely together to ensure that customer service is not affected.

D) Capital Projects – Expenditures - Summary

As noted in the September and October Transition Plan Reports, each team has prepared a preliminary assessment of internal and external resources that will be required to complete the integration according to schedule. The estimated integration expenditures of \$3.2 million will be updated as the final cost estimates for external services are received. The status of the capital project expenditures as of October 31, 2008, 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
October 31, 2008**

| Authorization | Original Budget | Expenditure YTD | Remaining Budget |
|--|------------------|------------------|------------------|
| CUSTOMER SERVICE PROJECTS: | | | |
| Billing Conversion - Customer Information Systems | 930,000 | 763,120 | 166,880 |
| Interfacing - Customer Information Systems / Web-based Customer Systems, Metering, Ledgers & Reporting | 544,000 | 226,215 | 317,785 |
| Measurement - MV90 xi Network Server & Communications Equipment | 147,000 | 10,325 | 136,675 |
| G - Intake (Operations & Business Development) | 71,400 | 63,151 | 8,249 |
| Telecom Upgrade | 189,000 | 131,770 | 57,230 |
| Total Customer Service Projects: | 1,881,400 | 1,194,581 | 686,819 |
| GAS OPERATIONS & ENGINEERING PROJECTS: | | | |
| Operation Data Integration | 150,675 | 71,371 | 79,304 |
| Compliance Management System | 145,300 | 125,611 | 19,689 |
| Mobile Terminals | 111,750 | 122,318 | (10,568) |
| Gas Procedures Manuals | 81,600 | 15,098 | 66,502 |
| Gas SCADA System | 142,000 | 116,198 | 25,802 |
| Integrity Management Analysis System | 65,000 | 54,408 | 10,592 |
| Gas Dispatch Phone & Central Radio System | 41,000 | 177 | 40,823 |
| Equipment & Tools | 31,000 | ----- | 31,000 |
| Facility Enhancements & Signage | 99,500 | 16,934 | 82,566 |
| GIS | 150,000 | 72,748 | 77,252 |
| Total Gas Operations & Engineering Projects | 1,017,825 | 594,863 | 422,962 |
| FINANCE, ACCOUNTING & OTHER PROJECTS: | | | |
| Flexi Ledger / Accounts Payable / Projects / Purchasing | 143,700 | 144,950 | (1,250) |
| Energy Contracts / Energy Measurement & Control | 94,000 | 65,279 | 28,721 |
| Other Miscellaneous Projects | 87,500 | 4,165 | 83,335 |
| Total Finance, Accounting & Other Projects | 325,200 | 214,394 | 110,806 |
| Grand Total | 3,224,425 | 2,003,838 | 1,220,587 |

Unitil DRAFT 7/09/08**TRANSITION SERVICES AGREEMENT**

This TRANSITION SERVICES AGREEMENT (this "Agreement"), dated as of _____, 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. 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.

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 to the extent such Services are currently being provided to the Companies by such subcontractors or third parties, 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. [Unitil would like to know the rational for this provision and what is meant by the reference to 'rules that are applicable']

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.

(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"), NiSource and its Affiliates will be making cash payments and collecting cash receipts and receivables on behalf of and for the benefit of Unitil. 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 use best efforts to reach a commercially reasonable accord to continue such Service temporarily pursuant to financial terms no less favorable than those contained in this Agreement.

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 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.: (877) 647-5990
Email _____
Attention: Michael W. O'Donnell, Executive Vice
President and Chief Financial Officer; and

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

with a copy to: Schiff Hardin LLP
6600 Sears Tower
Chicago, Illinois 60606
Telephone No.: (312) 258-5500
Email _____
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.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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:
Title:

Annex A to Transition Services Agreement

See separate Attachment

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Customer Information System | Annex #: A.1 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Customer Information System (CIS) Services: Reconcile NiSource CIS reports provided to Unitil, operate and maintain all aspects of NiSource CIS, process work orders.

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.
- b. **Reconciliation:** Reconcile NiSource CIS billing and related reporting monthly.
- c. **Work Orders:** Initiate work orders in NiSource CIS, transfer work orders to Unitil, update completed work orders in NiSource CIS.

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.

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Billing Services | Annex #: A.2 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Billing Services: Maintain billing rates in accordance with applicable rules and regulations, bill regulated services provided to metered and unmetered customers (including special contract and transportation customers), bill unregulated services provided to customers, provide customer refund data to Unutil Accounts Payable.

Specific List of Services to be Provided:

Specific Processes / Tasks:

- a. **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, etc.). Provide onsite support to Unutil's Customer Service Center, as requested.
- b. **Customer Refund Processing:** Administer customer refund process in NiSource's Customer Information System and provide a weekly customer refund file to Unutil's Accounts Payable group.
- 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. **Sales Tax:** Perform annual review and system updates for sales tax exemptions.
- f. **Rules and Regulations:** Maintain compliance with applicable rules and regulations, implement any new requirements pertaining to billing.
- g. **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

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Treasury | Annex #: A.3 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Treasury Services: Receive, process and post cash receipts to customer accounts, transfer cash receipts to Unitil.

Specific List of Services to be Provided:

Specific Processes / Tasks:

- a. **Cash Remittance:** Process all cash remittance (i.e., lockbox, credit cards, e-checks, Western Union, wires, etc.) and post cash receipts in NiSource's Customer Information System, ensure that cash payments are posted accurately and timely to customer accounts.
- b. **Cash Reporting / Transfer:** Provide daily reports of cash receipts to Unitil' Finance Department, transfer funds to Unitil.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource Customer Information System

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Customer Communications | Annex #: A.4 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Customer Communications Services: 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, non-emergency and energy efficiency services. 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.
- b. **Regulatory Complaints:** Continue to respond to, and resolve, all PUC and CAD complaints.
- c. **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).
- d. **Bill Inserts:** Mail customer communication inserts that have been provided to NiSource personnel through the customer communications plan. Provide other collateral and billing messages as identified in the customer communications plan. .
- e. **Call Center and Customer Services for Unregulated Customers:** Perform all call center services for unregulated customers. Services include, but are not limited to: internal and external reporting, answering calls within the current guidelines, issuing and managing the work orders, etc.
- f. **New Business Calls:** 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.

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.

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Credit and Collections | Annex #: A.5 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Credit & Collections Services: 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. **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.
- b. **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.
- c. **Customer Deposits:** Review customer accounts and collect deposits from customers in accordance with regulations, as appropriate.
- d. **Customer Write-Offs:** Review customer aging and perform monthly write offs of uncollectible accounts, provide monthly reports.
- e. **Customer Payment Arrangements:** Contact customers to establish payment plans in accordance with applicable regulations, monitor payment activity and contact customers with delinquent payment plans.
- 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.

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Meter Reading | Annex #: A.6 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Meter Reading Services: 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.
- 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.

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

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Accounting Services | Annex #: A.7 |
| Provided by: NiSource Corporate Services | Start Date: 12.1.08 |
| Provided by Manager: | Estimated End Date: Upon Notice |
| Provided to: Northern Utilities, Inc. / Granite State | Initial Term: 4 Months |
| Provided to Manager: | Extended Term: Upon Request |

General Description of Services to be Provided:

Accounting Services: Monthly journal entries for customer transactions from NiSource's Customer Information System, 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.

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.

TRANSITION SERVICES AGREEMENT
Annex A

| | |
|--|--|
| Function: Gas Dispatch and Control | Annex #: A.8 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Gas Dispatch and Control Services: Northern Utilities and Granite State request that NiSource Corporate Services Company provide the following energy measurement and control functions for the Initial Term set forth above.

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.

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Gas Supply | Annex #: A.9 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Gas Supply Services: 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. **Daily Operations:** Daily planning and scheduling of supply. Maintain and provide records for daily, monthly and seasonal transactions.
- b. **Gas 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.
- c. **Interruptible Billing:** Calculate interruptible sales rates for each customer. 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.
- d. **Resource Planning:** Updates and briefings on FERC regulatory proceedings having a potential impact on Northern. Prepare monthly gas supply plans.
- e. **Retail Supplier Management:** Maintain customer choice website. Calculate capacity assignment volumes for retail marketers. Bill marketers for capacity mitigation services and for all managed pipeline/storage and peaking supplies. Support billing of daily- and non-daily metered transportation accounts in ME and NH. Confirm and verify upstream pipeline by retail suppliers. Manage capacity release program for retail suppliers.
- f. **Regulatory Reporting:** Provide all workpapers for gas supply regulatory reports. Submit required reports to the NH PUC. Provide weekly LNG and LP report for the NH PUC. Prepare reporting requirements for all imports and exports of gas to US Customs, DOE and the NEB. Manage and report on the financial hedging program.

Information Systems Support Services to be Provided:

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

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Field Services | Annex #: A.10 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Field Services: 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 Dispatching:** Dispatch work orders to filed crews.
- b. **Service - Southern NH:** Provide all labor, materials, equipment and supervision required for performing service department activities. Prepare and provide all reports, paperwork, etc. required to maintain regulatory compliance and to support regulatory reports.
- c. **Maintenance / Compliance - Southern NH:** Provide all labor, materials, equipment and supervision required for performing maintenance / compliance activities. Prepare and provide all reports, paperwork, etc. required to maintain regulatory compliance and to support regulatory reports.
- d. **Dig Safe - Southern NH:** Provide all labor, materials, equipment and supervision required for performing facility mark-out activities. Prepare and provide all reports, paperwork, etc. required to maintain regulatory compliance and to support regulatory reports.
- e. **Emergency Leak Response - Southern NH:** Provide all labor, materials, equipment and supervision required for providing emergency first responders. Prepare and provide all reports, paperwork, etc. required to maintain regulatory compliance and to support regulatory reports.
- f. **Scheduled Leak - Southern NH:** Provide all labor, materials, equipment and supervision required for scheduled leak repairs. Prepare and provide all reports, paperwork, etc. 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.

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Granite Transportation | Annex #: A.11 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Granite Transportation Services: Granite State requests that NiSource Corporate Services Company provide the following energy supply functions for the Initial Term set forth above.

Specific List of Services to be Provided:

Specific Processes / Tasks:

- a. **Accounting:** Provide monthly journal to Unitil's Accounting Department. Prepare the FERC Form 2A and provide to Unitil for review and comment – file Form 2A. Provide support and assistance for Unitil's preparation and filing of FERC Form 3Q.
- b. **Work Management System:** Support and maintain the Maximo work management system.
- c. **Granite - Integrity Management Reporting:** Compile and provide 11 months of 2008 data and supporting documentation to Unitil. Unitil will prepare and submit the report.
- d. **Granite 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.
- e. To be determined.
- f. To be determined.
- g. To be determined.

Information Systems Support Services to be Provided:

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

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Regulatory | Annex #: A.12 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Regulatory Services: Continue to perform certain regulatory services, including preparation of filings that rely on 2008 data, until Unitil assumes these responsibilities.

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:** Monitor regulatory activity. Review and comply with Orders, as applicable.

Information Systems Support Services to be Provided:

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

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Engineering - Regulatory Reporting | Annex #: A.13 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Engineering Regulatory Reporting Services: Gather and compile 2008 data through the closing date for various engineering regulatory reports. Provide data to Unitil for - Unitil will add any 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.

TRANSITION SERVICES AGREEMENT

Annex A

| | |
|--|--|
| Function: Miscellaneous | Annex #: A.14 |
| Provided by: NiSource Corporate Services / Bay State | Estimated End Date: Upon Notice |
| Provided by Manager: | Initial Term: 4 Months |
| Provided to: Northern Utilities, Inc. / Granite State | Extended Term: Upon Request |
| Provided to Manager: | Start Date: 12.1.08 |

General Description of Services to be Provided:

Miscellaneous Services: Northern Utilities and Granite State expect to call upon NiSource and NiSource personnel to answer questions and to provide supplemental information or support that cannot be identified at this time.

Specific List of Services to be Provided:

Specific Processes / Tasks:

- a. To be determined.
- b. To be determined.
- c. To be determined.
- d. To be determined.
- e. To be determined.
- f. To be determined.

Information Systems Support Services to be Provided:

Information Systems: Support and maintain NiSource software packages requested in conjunction with providing transition services.

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|--|---|--|---|------------------|-------------------|
| ANNEX A.1: Customer Information System (CIS) Services | | | | | |
| CIS Reconciliation and Reporting | CIS Reconciliation and Reporting | From 12/1 closing to Unitil's CIS Go-Live date | Services to ensure CIS billing and accounts receivables are balanced during billing month end periods (minimum) and revenues and cash are reported in the appropriate formats to Unitil's Accounting department. | 12/1/2008 | Daily / Month-end |
| CIS System (IBM and NiSource) | CIS System (IBM and NiSource) | From 12/1 closing to Unitil's CIS Go-Live date | Use of all CIS functions required for all Northern Utilities Maine and NH customers including but not limited to: billing, cash receipts, work orders, protections, meter management. | 12/1/2008 | Daily |
| FS Dispatching | Transfer of Work Orders | 2 months | Call or email work orders to Unitil from Customer Service; report completed workorders back to CIS (Details still being worked out for feedback). | 12/1/2008 | Daily |
| FS Dispatching | Transfer of Work Orders | 2 months | Daily assignment of collection orders for Maine and New Hampshire. Execution of completed work orders in CIS. | 12/1/2008 | Daily |
| ANNEX A.2: Billing Services | | | | | |
| Refund Processing | Obtain customer refund data from NiSource CIS | From 12/1 closing to Unitil's CIS Go-Live date | List of refunds, including return of customer deposits, to be processed by Unitil's Accounts Payable, from NiSource CIS. | 12/1/2008 | Weekly |
| Regulated Sales Customer Billing Services | Regulated Sales Customer Billing Services | From 12/1 closing to Unitil's CIS Go-Live date | Perform all regulated billing services for metered and unmetered customers and all the associated tasks required to perform those duties (i.e., exceptions, rate maintenance, low income discount, corrected bills, meter schedules, mailing services). | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|---|---|--|--|------------------|-----------|
| Daily Metered Customer Billing & Pool Mgt | Bill daily metered transportation customers and process enrollment transactions | Until Unitil's GTRAC and CIS Go-Live date | Accept and confirm nominations, Calculate pool imbalances to produce marketer bills, calculate customer transportation bills, respond to customer inquiries, process payments. | 12/1/2008 | Monthly |
| Non-Daily Metered Customer & Pool Mgt | Bill non-daily metered transportation customers and process enrollment transactions | Until Unitil's GTRAC and CIS Go-Live date | Post daily ATVs to web site, calculate pool imbalances, calculate customer transportation bills, process enrollment transactions, post billing transactions, true-up using Easy and CIS, process payments from customers and marketers. | 12/1/2008 | Daily |
| Onsite Billing Support / Expert | Onsite support at Unitil's Customer Service Center | As long as requested | Provide onsite support to Unitil. | 12/1/2008 | As Needed |
| Unregulated Billing Services | Unregulated Billing Services | From 12/1 closing to Unitil's CIS Go-Live date | Perform all unregulated billing services customers such as sundry billing, guardian care, rental programs, external suppliers, and all the associated tasks required to perform those duties (i.e., exceptions, rate maintenance, mailing services). | 12/1/2008 | Daily |
| Sales Tax | Sales Tax | From 12/1 closing to Unitil's CIS Go-Live date | Perform annual review and system updates for sales tax exemptions . | 12/1/2008 | Daily |
| Rules and Regulations | Rules and Regulations | From 12/1 closing to Unitil's CIS Go-Live date | Implement any new requirements as they relate to billing that may be issued from regulatory bodies in the transition period. | 12/1/2008 | Daily |
| Special Contract Billing | Special Contract Billing | As long as needed | Calculate transportation charges; Forward calculations to Key account reps and regulatory for approval; manually enter into CIS. | 12/1/2008 | Monthly |

ANNEX A.3: Treasury Services

| | | | | | |
|--|---|---|--|-----------|-------|
| Report receipt of cash and move cash to Unitil | Report receipt of cash into Northern lock box. Move cash from NiSource bank account to Unitil's bank account. | At least 2 months after Unitil's CIS is able to print customer invoices and reconcile customer activity | Report on cash received and cash in Unitil's bank account. | 12/1/2008 | Daily |
|--|---|---|--|-----------|-------|

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|--------------------------|--------------------------|--|--|------------------|-----------|
| Cash Remittance Services | Cash Remittance Services | From 12/1 closing to Unitil's CIS Go-Live date | Provide cash posting services for all Northern Utilities and GST customers regarding the receipt of all customer payments from all forms such as lockbox checks, credit cards, e checks, western union payments, wires, reverse payments, etc). Ensure that all payment files are posted appropriately to customer accounts. | 12/1/2008 | Daily |

ANNEX A.4: Customer Communications Services

| | | | | | |
|---|--|--|---|-----------|-------|
| Call Center and Customer Services for Regulated Customers | Call Center and Customer Services for Regulated Customers | From 12/1 closing to Unitil's CIS Go-Live date | Continue with all current call center services for regulated emergency, non-emergency and energy efficiency services for NU customers. Services include but are not limited to: internal and external reporting, answering calls within the current guideline, issuing and managing work orders, etc. | 12/1/2008 | Daily |
| Energy Efficiency / DSM Calls | Customer call intake and assessment for Energy Efficiency / DSM | From 12/1 closing to Unitil's CIS Go-Live date | Continue to receive telephone inquiries about Energy Efficiency, screen for customer/vendor needs, and forward request to Unitil. | 12/1/2008 | Daily |
| Call Center and Customer Services for Unregulated Customers | Call Center and Customer Services for Unregulated Customers | From 12/1 closing to Unitil's CIS Go-Live date | Continue with all current call center services for unregulated NU customers and GST customers. Services include but are not limited to: internal and external reporting, answering calls within the current guidelines, issuing and managing the work orders, etc. | 12/1/2008 | Daily |
| New business calls | Continue to accept and process calls for new business in NH and ME | From 12/1 closing to Unitil's CIS Go-Live date | BSG New Business intake center to continue to accept and process calls for new business in NH and ME until conversion of CIS. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|-----------------------|-----------------------|--|--|------------------|-----------|
| Regulatory Complaints | Regulatory Complaints | From 12/1 closing to Unitil's CIS Go-Live date | Continue to respond to and resolve all PUC and CAD complaints. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|-----------------------------------|--|--|--|------------------|-----------|
| Call Center and Customer Services | SQI Reporting | From 12/1 closing to Unitil's CIS Go-Live date | Continue to gather, record and report all Call Center activity required for the 2008 SQI reporting for both NH and ME. | 12/1/2008 | Daily |
| External Customer Website | External Customer Website | From 12/1 closing to Unitil's CIS Go-Live date | Maintain the Northern Utility website and all the functions and information associated with the site. This would also include maintaining the real time account inquiry and payment option services (credit card and e-check). | 12/1/2008 | Daily |
| Customer Communications | Bill Inserts | From 12/1 closing to Unitil's CIS Go-Live date | Provide customer communication inserts, other collateral and billing messages that has been identified to NiSource personnel through the customer communications plan. | 12/1/2008 | Daily |
| New Business Calls | Bay State New Business Intake center processes calls for new business in ME and NH | From 12/1 closing to Unitil's CIS Go-Live date | Call screening to qualify leads, engage sales reps, follow through to meter set and turn on, provide required reporting. | 12/1/2008 | Daily |

ANNEX A.5: Credit & Collections Services

| | | | | | |
|----------------------------------|-------------------------------------|--|---|-----------|----------------------|
| Collections Services - Regulated | Collections Services - Regulated | From 12/1 closing to Unitil's CIS Go-Live date | Perform all tasks associated with the credit and collections functions for regulated and non-regulated services used to ensure timely payments from all NU and GST customers within the established regulatory guidelines. Duties also would include collection agency management, account write-offs, internal and external reporting, bankruptcies, maintaining payment plans, etc. | 12/1/2008 | Daily |
| Customer Deposits | Perform customer deposit activities | From 12/1 closing to Unitil's CIS Go-Live date | Continue to collect deposits from customers in accordance with regulations as appropriate. Review deposits for refund, and apply deposit interest in accordance with rules and regulations for both NH and ME. | 12/1/2008 | Daily / As needed |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|---|---|--|--|------------------|-------------------|
| Customer Write-Offs | Perform customer write-off activities | From 12/1 closing to Unital's CIS Go-Live date | Perform monthly write offs for Northern NH and Northern ME of behalf of Unital and provide reports that pertain to the write offs. | 12/1/2008 | Monthly |
| Customer Payment Arrangements | Perform customer payment arrangement activities | From 12/1 closing to Unital's CIS Go-Live date | Continue to work with customers to arrange for payment plans in accordance with NH and ME regulations and monitor and follow up with customers for payment plans that become delinquent. | 12/1/2008 | Daily / As needed |
| Agency Payments, Communications and Reporting | Agency Payments, Communications and Reporting | From 12/1 closing to Unital's CIS Go-Live date | Perform all tasks associated with agency programs, such as fuel assistance, to ensure customers are enrolled in the low income discount rate, coded for fuel assistance benefits and reporting purposes. | 12/1/2008 | Daily |
| Protections | Protections | From 12/1 closing to Unital's CIS Go-Live date | Continue to maintain protections, as appropriate. | 12/1/2008 | Daily |
| Pre-Moratorium Annual Review and Mailing | Pre-Moratorium Annual Review and Mailing | From 12/1 closing to Unital's CIS Go-Live date | In NH perform the annual review of customers that have been disconnected for non-payment earlier in the year in accordance with NHPUC rules. | 12/1/2008 | Daily |
| Reports | NH Monthly Reports | Year end (12/1/08 - 12/31/08) | Continue to prepare and provide NHPUC monthly accounts receivable and collections report in NH and prepare 2008 annual report for the Maine PUC that is due to be filed with the commission on 2/15/09. | 12/1/2008 | Daily |
| Rules and Regulations | New Rules and Regulations | From 12/1 closing to Unital's CIS Go-Live date | Implement any new requirements as they relate to credit and collections that may be issued from regulatory bodies in the transition period. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|---|---|--|---|---------------------------|----------------------------------|
| ANNEX A.6: Meter Reading Services | | | | | |
| Meter Reading | Daily/Monthly Reading of meters | 2 months | Meter reading for NiSource billing of Northern Utilities customers. | 12/1/2008 | Daily |
| Meter Reading | Daily reading of Metscan meters | 2 months | Daily batch file of reads sent to Unitil for bill processing. | Unitil's CIS Go Live date | Daily |
| ANNEX A.7: Accounting Services | | | | | |
| Customer Accounting Activity | Monthly summary level import of reconciled data in journal entry format related to customer revenue, cash activity, receivables, bad debt etc. Monthly reports summarizing journal activity | Full transition services expected in this area through at least 12/31/08 | Will need an electronic file and related reports from the NiSource CIS system in a format that Unitil can work with either to convert and import or to manually post via Excel to Flexi General Ledger. | 12/1/2008 | Monthly |
| Financial Reporting | Monthly preparation of Financial Reporting for GAAP and regulators | Will require assistance with the semi-annual NU F-8G filing in January as well as the annual EIA, State and FERC reporting to be done in February / March 2009. It will be presumed that the Annual Unclaimed Property filing for 2008 will be completed by Northern and Granite | Significant support is anticipated for the 2008 annual filings since NiSource will have most of the history necessary for these filings. In addition, general telephone and e-mail support during the preparation of filings or if we run into something not anticipated. | 12/1/2008 | Primarily January and March 2009 |
| ANNEX A.8: Gas Dispatch & Control Services | | | | | |
| Daily Operations | System Monitoring & Control | 4 Months | Active monitoring and control of NU/Granite systems via SCADA and coordination with Unitil on daily operations. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|----------------------------|---|-------------------|---|------------------|-----------------|
| Daily Operations | System Monitoring / Continued Training | 2 Months | Active monitoring of NU/Granite systems via SCADA and coordination with Unitil on daily operations. | 3/1/2009 | Daily |
| Daily Operations | Daily Load Forecast | 1-4 Months | Establish daily load forecast; provide daily forecast and any updates. | 12/1/2008 | Daily |
| Daily Operations | Unitil SCADA Commissioning | 1 Month | As needed testing and field coordination. | 11/1/2008 | As needed |
| Daily Operations | Monitoring & Control Training | 6 Months | Provide on-site, hands on training to new Dispatchers. | 12/1/2008 | 2 days per week |
| Daily Operations | Daily Pipeline Balancing, including pipeline nominations | 1-4 Months | Manage pipeline balancing; provide list of noms, confirm actual deliveries and local production. | 12/1/2008 | Daily |
| Daily Operations | Daily pipeline / storage / commodity data | 1-4 Months | Copy or report of daily flow data at all supply points, plants, and major customers. | 12/1/2008 | Daily |
| Retail Supplier Management | Process retail supplier noms for peaking, company managed services (ME and NH) | 2-5 Months | Provide listing of supplier noms by pool for peaking and company-managed services. | 12/1/2008 | Daily |
| Retail Supplier Management | Verify upstream pipeline deliveries by retail suppliers so supplier pools can be balanced | 1-4 Months | Provide daily report showing upstream deliveries by retail suppliers. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|---------------------|---------------------|-------------------|--|------------------|-----------|
| Access to SCADA Web | Access to SCADA Web | 6 Months | Provide limited access to SCADA Web (web viewer of NiSource SCADA System) to Unitil personnel. | 12/1/2008 | Daily |

ANNEX A.9: Gas Supply Services

| | | | | | |
|-------------------|---|------------|--|-----------|---------|
| Resource Planning | NH Reports for rules 509.16 and 509.19 | 1-4 Months | Submit required reports to the New Hampshire PUC. | 12/1/2008 | 1 time |
| Resource Planning | Monthly Gas Supply Plans | 1-4 Months | Provide monthly supply plan. | 12/1/2008 | Monthly |
| Daily Operations | Daily Supply Mgmt and Purchasing | 1-4 Months | Manage daily supply requirements; provide list of supplies planned to meet daily forecast. | 12/1/2008 | Daily |
| Daily Operations | Implement BSG / Northern Utilities Exchange Agreement | 1-4 Months | Establish and implement monthly/ daily exchange volumes; provide volumes and estimated cost. | 12/1/2008 | Daily |
| Daily Operations | Manage Interruptible Customers as needed | 2-4 Months | Offer sales to interruptible customers; provide list of interruptible sales made. | 12/1/2008 | Daily |
| Daily Operations | Bill Interruptible Customers | 2-4 Months | Copies of invoices & any applicable invoice calculations. | 12/1/2008 | Monthly |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|----------------------------|---|-------------------|--|------------------|-----------|
| Gas Contracting | Maintain and provide records of daily, monthly, seasonal transactions | 1-4 Months | Provide listing of new transactions and copy of confirmations. | 12/1/2008 | Periodic |
| Gas Contracting | Updates / Briefing on FERC level Regulatory Proceedings; Participation in Customer Group activities | 1-4 Months | Briefings on regulatory proceedings; issues related to various customer groups. | 12/1/2008 | Periodic |
| Gas Contracting | Complete U.S. Customs Reports / Filings (as needed) | 1-4 Months | Filed customs reports; training and working files related to such reports. | 12/1/2008 | Monthly |
| Regulatory Reporting | Weekly Storage Report for NH | 1-4 Months | Prepare report, provide working files and data sources, coordinate for submission by either company. | 12/1/2008 | Weekly |
| Gas Cost Accounting | Verify pipeline / storage / commodity invoices for accuracy | 1-4 Months | Provide copies of Northern and Granite invoices to Unital's Energy Contracts department for processing and payment; provide working files and back up. | 12/1/2008 | Monthly |
| Gas Cost Accounting | Calculate monthly commodity cost allocators between ME and NH | 1-4 Months | Provide allocator value, working files and training as needed. | 12/1/2008 | Monthly |
| Retail Supplier Management | Manage and communicate ATV, metered loads, deliveries with retail suppliers. | 2-5 Months | Provide daily (or standard frequency) reports listing ATV, metered loads and delivered supplies by retail supplier. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|-------------------------------------|--|-------------------|---|------------------|-----------|
| Retail Supplier Capacity Assignment | Calculate any changes in retail supplier capacity assignment volumes, communicate to suppliers and implement either through EBB, access to Company-Managed supplies, or Capacity Mitigation. | 2-5 Months | Provide updated capacity assignment values, working files, copies of communications with retail suppliers, notice. | 12/1/2008 | As needed |
| Retail Supplier Capacity Assignment | Billing of Capacity Mitigation Service or direct capacity assignment | 2-5 Months | Provide amounts billed for capacity mitigation service, working files showing derivation of calculations, and copies of bills rendered. | 12/1/2008 | Monthly |
| Retail Supplier Capacity Assignment | Supplier billing for peaking, company-managed services. (both ME and NH) | 2-5 Months | Provide amounts billed to suppliers for peaking and company-managed services, working files used to calculate these amounts and copies of billings. | 12/1/2008 | Monthly |
| Gas Cost Accounting | Estimates of Gas Supply (pipeline, commodity and storage) Fixed and Variable Costs / Volumes / WACOG / therm factor for Accounting close | 1-4 Months | Accounting reports showing Gas Supply (pipeline, commodity and storage) Fixed and Variable Costs / Volumes / WACOG / therm factor. | 12/1/2008 | Monthly |
| Hedging Program | Manage futures contract procurement program, associated reporting requirements, maintenance of margin account | 1-3 Months | Monitor NYMEX NG market for price triggers, execute transactions as required, train Unutil in same. Provide reports filed with PUCs and Accounting dept, working files used, training on files; maintain margin account in event Unutil unable to establish account prior to closing. | 12/1/2008 | Daily |
| Integrated Resource Plan | Provide complete and updated materials associated with the forecast in Northern's IRP filed June 30, 2006 | Until delivered | Complete and accurate response to data request submitted to Bill Gresham on Sep 5, 2008. | 12/1/2008 | Ongoing |
| Integrated Resource Plan | Provide materials associated with Northern's long term supply planning | Until delivered | Provide materials associated with the Supply Plan in Northern's IRP filed June 30, 2006, along with any subsequent long term planning analyses and assumptions. | 12/1/2008 | Ongoing |
| Northern Credit | Corporate guaranty support | 1-2 Months | Maintain corporate guaranty support until Unutil can get replacement guaranties in place. | 12/1/2008 | Ongoing |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|-----------------------------|--|-------------------|---|------------------|-----------|
| Local Production | LNG / propane trucking / inventory reporting | 1-4 Months | Provide LNG / propane trucking / inventory reporting. | 12/1/2008 | Monthly |
| Pipeline OBA Reconciliation | Pipeline OBA Reconciliation | 2 Months | Perform pipeline OBA reconciliation. | 12/1/2008 | Weekly |

ANNEX A.10: Field Services

| | | | | | |
|--|--|---|---|-----------|-------------------|
| Field Crew Dispatching | BACKUP OPTION: Daily assignments to field crews | 2 months | Perform existing work order dispatch for NU. | 12/1/2008 | Daily |
| Southern NH Service | Provide all service activities for Southern NH. | 2 Months or until Unitil's CIS Go Live date | All labor, materials, equipment and supervision required for performing service department activities. Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance. | 12/1/2008 | Daily |
| Southern NH System Maintenance/Compliance Activities | 1) All system maintenance/compliance activities for Southern New Hampshire (Salem, Plaistow, Atkinson) | 2 Months | All labor, materials, equipment and supervision required for regulatory maintenance/compliance activities. Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance. | 12/1/2008 | Daily / As needed |
| Southern NH Dig Safe Facility Mark-outs | Provide dig safe service for Southern New Hampshire (Salem, Plaistow, Atkinson) | 24 Hours | All labor, materials, equipment and supervision required for performing facility markout activities. Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance. | 12/1/2008 | Daily |
| Southern NH Emergency Response | Provide all emergency first response for Southern NH. | 2 Months or until Unitil's CIS Go Live date | All labor, materials, equipment and supervision required for providing emergency first responders for Southern New Hampshire (Salem, Plaistow, Atkinson). Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|-----------------------------------|---|---|---|------------------|-----------|
| Southern NH Scheduled Leak repair | Provide for leak repairs for Southern NH. | 2 Months or until Unitil's CIS Go Live date | All labor, materials, equipment and supervision required for scheduled leak repairs for Southern New Hampshire (Salem, Plaistow, Atkinson). Also, to provide Unitil with all reports, paperwork etc. required for the submittal of regulatory reports and for maintaining compliance. | 12/1/2008 | Daily |

ANNEX A.11: Granite Transportation Services

| | | | | | |
|---|---|--|--|-----------|----------|
| External Supplier System Management - EasyOn system | External Supplier System Management and Supplier Billing - EasyOn system | From 12/1 closing to Unitil's CIS Go-Live date | Maintain the on-line system used by external suppliers which allows suppliers the ability to request changes and allows access to customers historical usage information. This would also include all the bills sent to external suppliers based on their nominations. | 12/1/2008 | Daily |
| Accounting | Invoice Transportation Customers, using Unitil remittance instructions | 2-5 Months | Provide copies of invoices to transportation customers, working files used to create the invoices. | 12/1/2008 | Monthly |
| Granite Transportation | Process Transportation Customer Noms | 1-4 Months | Provide listing of daily noms. | 12/1/2008 | Daily |
| Granite Transportation | Check out with interconnecting pipelines | 1-4 Months | Provide listing of daily receipts from upstream pipelines (TGP, PNGTS). | 12/1/2008 | Daily |
| Granite Transportation | Provide customer service to shippers on Granite, including use of EBB and access to data | 1-4 Months | Support transportation customer inquiries and support use of scheduling system. | 12/1/2008 | Ongoing |
| Granite Transportation | Update postings on Granite's EBB with Unitil data, to extent Unitil cannot do so directly | 2-5 Months | Access to Informational Postings section of Granite EBB, to extent Unitil does not have immediately following the closing. | 12/1/2008 | Periodic |
| Granite Transportation Billing | Granite State Transmission Billing | From 12/1 closing to Unitil's CIS Go-Live date | Perform billing functions for Granite and all associated tasks required to perform those duties. | 12/1/2008 | Daily |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|--|--|--|---|------------------|-----------|
| Granite - Integrity Management Reporting | Complete all reporting required for assuming data from January - November 2008. Unitil will add December and submit the report | 12/1/2008 | Complete reports and file them with PHMSA. Send Unitil a copy of the report and supporting documentation. | 12/1/2008 | 1 time |
| Granite DOT Transmission Annual Report F7100.2-1 | Complete report assuming data from January - November 2008. Unitil will add December and submit the report | 12/31/2008 | Complete reports for 11 months of 2008. Provide those reports to Unitil along with all supporting documentation. | 12/31/2008 | 1 time |
| Granite Work Management | Continue to support Maximo Work Management System | 2 Months or until Unitil systems are completed | Produce work orders for Granite. | 12/1/2008 | Daily |
| Granite Accounting | Provide Monthly Granite Revenue Estimates for Accounting close and record invoices and revenue | 2-5 Months | Provide updated Granite Revenue Summary worksheet; record monthly transpiration revenue, invoicing of customers, and receipt of payments. | 12/1/2008 | Monthly |
| Granite Accounting | Prepare Form 2-A / Support Form 3-Q | 6 Months | Prepare Form 2-A and provide to Unitil for review. Provide support and assistance to Unitil for preparation of Form 3-Q. | 12/1/2008 | As needed |
| Granite Regulatory Support | Prepare, submit and train Unitil personnel on preparation of regulatory reports | 2-5 Months | Provide reports filed, working files used, and provide training in preparation of reports. | 12/1/2008 | Periodic |

ANNEX A.12: Regulatory Services

| | | | | | |
|----------------------------------|----------------------------------|------------|--|-----------|-----------|
| Tariff Administration | Maintain tariffs and changes | 1-2 months | Up to date tariffs. | 12/1/2008 | As needed |
| Tariff Administration | Communicate/post changes | 1-2 months | Up to date website. | 12/1/2008 | As needed |
| Tariff Administration | Tariff compliance activities | 1-2 months | Business as usual tariff operations, as requested. | 12/1/2008 | As needed |
| Special Contracts Administration | Price updates (annual inflation) | 1-2 months | Up to date pricing. | 12/1/2008 | As needed |
| Rates Administration | Maintain rate summary for IT | 1-2 months | Up to date pricing. | 12/1/2008 | As needed |
| Rates Administration | Communicate changes | 1-2 months | Communicate rate changes. | 12/1/2008 | As needed |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|-----------------------------------|---------------------------------|-------------------|--|------------------|-----------|
| Compliance - Reports and Filings | Prepare filings and reports | 1-2 months | Assistance with filings and reports, as requested. | 12/1/2008 | As needed |
| Review of Orders | Review orders during transition | 1-2 months | Selected order reviews, as requested. | 12/1/2008 | As needed |
| Compliance with Orders | Comply with directives | 1-2 months | Assistance complying with orders, as requested. | 12/1/2008 | As needed |
| Monitoring of regulatory activity | Employ current practices | 1-2 months | Business as usual on proceedings designated by Unitil. | 12/1/2008 | As needed |

ANNEX A.13: Engineering - Regulatory Reporting Services

| | | | | | |
|---|--|---------------|--|------------|--------|
| NH Bare Steel Annual Report | Complete report and file with NH PUC | Due 12/1/2008 | Complete report and file with NH PUC. Send Unitil a copy of the report and supporting documentation. | 12/1/2008 | 1 time |
| NU Integrity Management Reporting | Complete all reporting required for assuming data from January - November 2008. Unitil will add December and submit the report | 12/1/2008 | Complete reports for 11 months of 2008. Provide those reports to Unitil along with all supporting documentation. | 12/1/2008 | 1 time |
| NU DOT Transmission Annual Report F7100.2-1 | Complete report assuming data from January - November 2008. Unitil will add December and submit the report | 12/31/2008 | Complete reports for 11 months of 2008. Provide those reports to Unitil along with all supporting documentation. | 12/31/2008 | 1 time |
| NU DOT Distribution Annual Report F7100.1-1 | Complete report assuming data from January - November 2008. Unitil will add December and submit the report | 12/31/2008 | Complete reports for 11 months of 2008. Provide those reports to Unitil along with all supporting documentation. | 12/31/2008 | 1 time |
| NU - ME PUC Cast Iron Risk Assessment | Complete report assuming data from January - November 2008. Unitil will add December and submit the report | 12/31/2008 | Complete report and file with ME PUC. Send Unitil a copy of the report and supporting documentation. | 12/31/2008 | 1 time |
| NU - ME PUC Bare Steel Mains Risk Assessment | Complete report assuming data from January - November 2008. Unitil will add December and submit the report | 12/31/2008 | Complete report and file with ME PUC. Send Unitil a copy of the report and supporting documentation. | 12/31/2008 | 1 time |
| NU - ME PUC Bare Steel Services Risk Assessment | Complete report assuming data from January - November 2008. Unitil will add December and submit the report | 12/31/2008 | Complete report and file with ME PUC. Send Unitil a copy of the report and supporting documentation. | 12/31/2008 | 1 time |

Transition Services

| Function or Process | Task | Expected Duration | Deliverable(s) | Initial Due Date | Frequency |
|---|---|--|---|------------------|------------------------|
| ANNEX A.14: Miscellaneous Other Services | | | | | |
| All other journal activity manually performed | Monthly recording of manual journal entries related to non-system generated activity such as prepayments, accruals, long term debt, flow thru accounting etc. | General support services needed if questions arise that were not anticipated | General telephone support if we run into something not anticipated. | 12/1/2008 | Monthly for 1-2 months |

**Fourth Quarter 2008
Nothorn / Granite Cut Over Schedule**

- Business days are indicated by the red numbers
- E.O.D = End of Day

| November 2008 | | | | | | |
|---|--|---------|---|----------|---------|----------------|
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 1 | ORDERS ISSUED: NH ORDER 10.6.08 ME ORDER 10.6.08 MA ORDER 10.27.08 | | APEALS PERIODS: NH Expires 11.5.08 ME Expires 11.5.08 MA Expires 11.15.08 | | | |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | 1 | 2 | 3 | 4 | 5 | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | 6 | Holiday | 7 | 8 | 9 | APPEALS Expire |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| Transaction Closing and Escrow Process 5 Business Days. | | | | | | |
| | 10 | 11 | 12 | 13 | 14 | |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| | 15 | 16 | 17 | Holiday | Holiday | |
| 30 | | | | | | |

| November 2008 | | | | | | |
|-----------------------------|---|--|--------------------------------|--|---------|----------|
| Cutover - Weekly Milestones | | | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Week 1 | | | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Week 2 | NiSource sends notification of change of address to A/P vendors | Holiday | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| Week 3 | G/L History files received from NiSource for 10/31/08 | | | Portsmouth and Portland to enter PO's and invoices into Unitil UPS for invoices not payable until after December 1st | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| Week 4 | Northern & Granite history through October 2008 imported to Unitil general ledger | Unitil Treasury confirms JP Morgan Lockbox change from Nisource to Unitil effective December 1 Unitil Treasury confirms Nisource JP Morgan bank account to switch to Unitil control effect December 1 NiSource Receiving closes - NU / GSGT NiSource A/P Closes - NU/GSGT | NiSource A/P cuts final checks | Holiday | Holiday | |

| December 2008 | | | | | | |
|-----------------------------|---|---|--|--|--|---|
| Cutover - Weekly Milestones | | | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 30 | 1 | 2 | 3 | 4 | 5 | 6 |
| Week 5 | <p>Close date of Acquisition</p> <p>Unitil monthly close begins for November for all companies except Northern & Granite.</p> <p>Nisource closes and maintains all Northern and Granite data for November in the NiSource ledger and subsystems.</p> <p>GL and all subsystems open for month of December - except CIS</p> <p>Start Processing UPS and Flexi A/P and Flexi PO</p> <p>Issue P-Cards, Fuel Cards and Credit Cards</p> <p>Cut A/P checks for invoices entered on behalf of NU/GSGT</p> <p>Unitil HR to notify NiSource of date Benefits coverage commences</p> <p>Initial receipt of Work Orders from NiSource using MDS</p> <p>Unitil assumes responsibility for gas operations</p> <p>Gas dispatching determines purchases and schedules</p> <p>NiSource closes M&S Ledger for 11/30/08 M&S Physical Inventory Count</p> <p>Unitil receives final Odometer readings from Nisources keys into ODI-Transportation</p> <p>Hourly employees timcards begin to be keyed into TED</p> <p>UCS is open w/ feeds from A/P and info supplied from NiSource CIS</p> <p>NiSource JP Morgan Lockbox is redirected to Unitil bank accounts</p> <p>Nisource daily cash operations report sent to Unitil Treasury each day to track cash receipts</p> | | | <p>First Unitil ACH/Check run</p> <p>Nisource P/R QTD and YTD data loaded to ADP</p> <p>M&S Physical Inventory reconciliation complete</p> | <p>NiSource QTD and YTD P/R data reconciled</p> <p>NiSource processes first semimonthly employee Payroll</p> | |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Week 6 | <p>NiSource processes first hourly employee Payroll</p> | <p>Nisource closes Construction, Plant and CPR for 11/30/08</p> | <p>M&S Ledger, CPR, Open CWO Ledger as of 11/30 received from Nisource and Loaded to respective Unitil Systems</p> <p>Unitil pays NiSource salary employees for first time</p> | <p>Unitil pays Nisource hourly employees for first time</p> | <p>Validation completed of M&S, CPR, CWO ledger as of 11/30</p> <p>Nisource closes 11/30/08 G/L</p> <p>G/L as of 11/30 received from Nisource and loaded into Unitil</p> | <p>Cut-Off all sub-systems M&S, P/R, Trans for year</p> |

| December 2008 | | | | | | |
|-----------------------------|--|--|---|--|---|----------|
| Cutover - Weekly Milestones | | | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Week 7 | <p>A/P Close Vouchers I</p> <p>Validation of G/L as of 11/30 complete</p> <p>Enter mileage into Unitil ODI-Transportation System</p> | <p>Unitil to post Purchase Accounting Entries to 11/30 G/L</p> | <p>Close month of December for ODI-M&S, Transportation, and Payroll</p> | <p>Unitil pays NiSource hourly employees for second time</p> | | |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| Week 8 | | <p>Close ODI-Construction for 12/08</p> | <p>Unitil pays NiSource salary employees for second time</p> | <p>Holiday</p> | <p>Plant ODI entries to be provided by Unitil subsystem</p> | |

| January 2009 | | | | | | |
|-----------------------------|---|---|---|----------|---|----------|
| Cutover - Weekly Milestones | | | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 28 | 29 | 30 | 31 | 1 | 2 | 3 |
| Week 9 | A/P December Close - (Vouchers II) | | NiSource provides all B/S reconciliations through 11/30/08 for Northern and Granite | Holiday | GL remains ready to accept feeds from all subsystems: NiSource closes CIS System for December Payroll Entries to be provided by Unitil ODI subsystem USC Time & Billing entries to be provided by Unitil subsystem | |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Week 10 | WebOps cash entries to be manually posted from UTL Cashpool | CIS entries to be provided by NiSource until CIS transition service stops | | | | |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Week 11 | Run 1099's for all Companies | | December G/L Close Complete - All Companies | | | |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| Week 12 | Auditors Arrive | | | | | |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| Week 13 | | | | | Plant Records software Development begins | |

| February 2009 | | | | | | |
|------------------------------------|---------------|--|--|--|---|-------------------------------------|
| Cutover - Weekly Milestones | | | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Week 14 | | | | | | |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Week 15 | | | | | | |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Week 16 | | | | | | |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| Week 17 | | Nisource Final Meter Readings uploaded into Nisource CIS | Nisource complete CIS billing exceptions Nisource final CIS Cash Posted Nisource Final CIS Billing | NiSource closes and reconciles month end revenue Month end reports prepared NiSource CIS backed-up | Unitil receives and loads NiSource CIS data | Unitil begins CIS data verification |

| March 2009 | | | | | | |
|------------------------------------|---|--|------------------|-----------------|---------------|-----------------|
| Cutover - Weekly Milestones | | | | | | |
| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Week 18 | CIS GO LIVE Post 1st Cash Receipts Download 1st meter readings Run 1st billing Test work orders Test transactions Reconcile IA Sign Off Move Test environment to Production | Continue testing transactions Reconcile | | | | |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Week 19 | | | | | | |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Week 20 | | | | | | |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| Week 21 | | | | | | |