



May 22, 2014

Debra A. Howland, Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, NH 03301

NHPUC MAY 23 14 AM 9:38

RE: Northern Utilities, Inc. Docket DG 14-101

Dear Director Howland:

The purpose of this letter is to update the New Hampshire Public Utilities Commission on the financing petition of Northern Utilities, Inc. ("Northern Utilities" or the "Company") in Docket DG 14-101. In the Company's pre-filed testimony, the Company indicated that it is targeting 10-year and 30-year tranches at a 6.5% maximum coupon rate for both tranches. The Company expects to market and price the securities in early June. Depending on investor appetite at the time of pricing, the Company may issue tenors outside of the 10-year and 30-year, such as a 15-year.

Based on discussions with the Maine Public Utilities Commission Staff, the Company is proposing a change to the allowable maximum coupon rate for the tranches. Rather than set a 6.5% maximum coupon rate across all tranches, the Company proposes to interpolate the allowable maximum coupon rate between the 10-year and 30-year issuances. For example, in the table below at current market conditions, the Company expects indicative coupon rates of 4.04%-4.29% and 5.12%-5.37% for the 10-year and 30-year tranches, respectively. For an allowable maximum coupon rate, the Company is requesting 100 basis points on top of the indicative coupon rates to provide for flexibility in the credit spread and in the event treasury yields widen. This results in requested maximum coupon rates of 5.29% and 6.37% for the 10-year and 30-year tranches, respectively. In the event the Company prices a tranche between the 10-year and 30-year (i.e. a 15-year), then, the allowable maximum coupon rate would be interpolated between the 10-year and 30-year (i.e. the allowable maximum coupon rate would be interpolated between 5.29% and 6.37%).

	10-year	30-year
U.S. Treasury Yield (5/21/14)	2.54%	3.42%
Anticipated Credit Spread	1.50%-1.75%	1.70%-1.95%
Indicative Coupon	4.04%-4.29%	5.12%-5.37%
Additional 100 Basis Points	1.00%	1.00%
Requested Maximum Coupon	5.29%	6.37%

David L. Chong
Director of Finance and Assistant Treasurer
chong@unitil.com

6 Liberty Lane West
Hampton, NH 03842

Thank you for your attention to this matter. Please do not hesitate to contact me with any questions.

Regards,

/s/ David Chong

David Chong
Director of Finance and Assistant Treasurer
Unitil Service Corp.

cc: Michael Sheehan, Staff Attorney
Susan Chamberlin, Consumer Advocate