

NORTHERN UTILITIES, INC.
SOURCES AND USES OF FUNDS
Proposed Sale of \$25,000,000 Senior Unsecured Notes
(\$ In Thousands)

Sources of Funds

Proposed Sale of Senior Unsecured Notes	\$25,000
Equity Contribution from Unitil Corporation	7,500

Total Sources of Funds

\$32,500

Uses of Funds

Repay Short-Term Debt	\$32,090
Fees and Expenses	410

Total Uses of Funds

\$32,500

NORTHERN UTILITIES, INC.
ESTIMATED COST OF FINANCING
Proposed Sale of \$25,000,000 Senior Unsecured Notes
(\$ in Thousands)

Estimated Cost of Financing*

Private Placement Fees to Placement Agents	\$200
Legal Fees	200
Miscellaneous	10

Total Estimated Costs \$410

*The total costs increased \$40,000 to reflect additional private placement fees to the placement agents. In Northern's engagement letter with the placement agents, Northern has agreed to 80 bps of the amount of the financing. The additional \$5,000,000 in long-term financing results in a \$40,000 additional fee to the placement agents.

NORTHERN UTILITIES, INC.
UNAUDITED BALANCE SHEET AS OF SEPTEMBER 30, 2009
Proformed for the Issuance and Sale of \$25,000,000 Senior Unsecured Notes
(\$ in Millions)

ASSETS:

	<u>ACTUAL</u>	<u>ADJUSTMENTS</u>	<u>PRO FORMA</u>
Utility Plant:			
Gas	\$ 216.5		\$ 216.5
Common	-		-
Construction Work in Progress	9.7		9.7
Utility Plant	<u>226.2</u>		<u>226.2</u>
Less: Accumulated Depreciation	<u>78.0</u>		<u>78.0</u>
Net Utility Plant	<u>148.2</u>		<u>148.2</u>
Current Assets:			
Cash	4.4		4.4
Accounts Receivable -- Net Allowance for Doubtful Accounts of \$0.4 and \$1.6	4.8		4.8
Accrued Revenue	8.7		8.7
Due from Affiliates	-		-
Gas Inventory	11.3		11.3
Prepayments and Other	<u>2.4</u>		<u>2.4</u>
Total Current Assets	<u>31.6</u>		<u>31.6</u>
Deferred Income Taxes	-		-
Noncurrent Assets:			
Regulatory Assets	15.6		15.6
Other Noncurrent Assets	<u>19.2</u>	<u>0.4 (A)</u>	<u>19.6</u>
Total Noncurrent Assets	<u>34.8</u>	<u>0.4</u>	<u>35.2</u>
TOTAL	<u>\$ 214.6</u>	<u>\$ 0.4</u>	<u>\$ 215.0</u>

(A) Debt issuance costs

NORTHERN UTILITIES, INC.
UNAUDITED BALANCE SHEET AS OF SEPTEMBER 30, 2009
Proformed for the Issuance and Sale of \$25,000,000 Senior Unsecured Notes
(\$ in Millions, Except Par Value and Stock Shares Data)

CAPITALIZATION AND LIABILITIES:

	<u>ACTUAL</u>	<u>ADJUSTMENTS</u>	<u>PRO FORMA</u>
Capitalization:			
Common Stock Equity:			
Common Stock, \$10 Par Value			
Authorized - 200 shares			
Issued and Outstanding - 100 shares	\$ 65.7	\$ 7.5 (B)	\$ 73.2
Retained Earnings	1.8		1.8
Total Common Stock Equity	67.5	7.5	75.0
Long-term Debt	80.0	25.0 (C)	105.0
Total Capitalization	147.5	32.5	180.0
Current Liabilities:			
Accounts Payable	3.8		3.8
Short-Term Debt	33.2	(32.1) (D)	1.1
Due to Affiliates	0.7		0.7
Energy Supply Contract Obligations	7.6		7.6
Other Current Liabilities	11.0		11.0
Total Current Liabilities	56.3	(32.1)	24.2
Deferred Income Taxes	1.7		1.7
Noncurrent Liabilities:			
Retirement Benefit Obligations	4.6		4.6
Environmental Obligations	1.7		1.7
Other Noncurrent Liabilities	2.8		2.8
Total Noncurrent Liabilities	9.1		9.1
TOTAL	\$ 214.6	\$ 0.4	\$ 215.0

(B) Equity contribution from Unitil Corporation
(C) Proposed offering of Senior Unsecured Notes
(D) Repayment of short-term debt

NORTHERN UTILITIES, INC.
UNAUDITED STATEMENT OF EARNINGS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009
Proformed for the Issuance and Sale of \$25,000,000 Senior Unsecured Notes
(\$ in Millions)

	ACTUAL	ADJUSTMENTS	PRO FORMA
Operating Revenues	\$ 83.1		\$ 83.1
Operating Expenses:			
Purchased Gas	52.4		52.4
Operation and Maintenance	11.4		11.4
Conservation & Load Management	1.3		1.3
Depreciation and Amortization	5.2	0.03 (A)	5.2
Provisions for Taxes:			
Local Property and Other	2.1		2.1
Federal and State Income	1.9	(0.40) (B)	1.5
Total Operating Expense	74.3	(0.37)	73.9
Operating Income	8.8	0.37	9.2
Non-operating Income	0.3		0.3
Income Before Interest Expense	9.1	0.37	9.5
Interest Expense	5.1	0.98 (C)	6.1
Net Income	\$ 4.0	\$ (0.61)	\$ 3.4
	0.3975		0.3064

(A) Assumes financing fees and expenses amortized over 10 years

(B) Utilizes average statutory tax rate of approximately 39.8%

(C) Reflects interest savings at 2.0% for repayment of short-term debt and interest expense at 7.8% from proposed financing

NORTHERN UTILITIES, INC.
CAPITAL STRUCTURE AS OF SEPTEMBER 30, 2009
Proformed for the Issuance and Sale of \$25,000,000 Senior Unsecured Notes
(\$ In Millions)

Excluding Short-Term Debt

	Estimated		Adjustments	Pro Forma	
	Amount	% of Total		Amount	Amount
Senior Unsecured Notes	\$80.0	54.2%	\$25.0	\$105.0	58.3%
Common Equity	67.5	45.8%	7.5	75.0	41.7%
Total	\$147.5	100.0%	\$32.5	\$180.0	100.0%

Including Short-Term Debt

	Estimated		Adjustments	Pro Forma	
	Amount	% of Total		Amount	Amount
Senior Unsecured Notes	\$80.0	44.3%	\$25.0	\$105.0	58.0%
Short-Term Debt	33.2	18.4%	(\$32.1)	1.1	0.6%
Common Equity	67.5	37.4%	7.5	75.0	41.4%
Total	\$180.7	100.0%	\$0.4	\$181.1	100.0%

Above is the updated capitalization structure for the increased long-term financing and equity contribution. Including short-term debt, the equity ratio is 41.4% which is 1.4% better than the 40.0% shown in the original capitalization table on page 7 of 12 of the testimony.

NORTHERN UTILITIES, INC.
WEIGHTED AVERAGE COST OF CAPITAL AS OF SEPTEMBER 30, 2009
Proformed for the Issuance and Sale of \$25,000,000 Senior Unsecured Notes
(\$ In Millions)

	Actual				Adjustments Amount	Pro Forma			
	Amount	% of Total	Cost Rate (a)	Weighted Cost Rate		Amount	% of Total	Cost Rate (a)	Weighted Cost Rate
Imputed NiSource Debt	\$60.8	41.2%	4.96%	2.05%	-	\$60.8	33.8%	4.96%	1.68%
Balance - Existing Northern LTD	19.2	13.0%	7.55%	0.98%	-	19.2	10.6%	7.55%	0.80%
New Bonds	0.0	0.0%		0.00%	25.0	25.0	13.9%	6.30%	0.88%
Total Long Term Debt	80.0	54.2%		3.03%	25.0	105.0	58.3%		3.36%
Common Equity	67.5	45.8%	9.67%	4.43%	7.5	75.0	41.7%	9.67%	4.03%
Total	\$147.5	100.0%		7.45%	\$32.5	\$180.0	100.0%		7.38%

(a) Cost rate based on net proceeds