



May 6, 2024

By Electronic Mail

Molly Lynch, Esq.
New Hampshire Department of Energy
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

DE 24-058: Unitil Energy Systems, Inc.

Attorney Lynch:

On behalf of Unitil Energy Systems, Inc. (“Unitil” or the “Company”), I enclose the Company’s responses to the Department of Energy’s First Set of Information Requests.

Please do not hesitate to contact me with any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick H. Taylor", with a long horizontal flourish extending to the right.

Patrick H. Taylor
Attorney for Unitil Energy Systems, Inc.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-01

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: April 5, 2024, filing

Has Northern Utilities, Inc. (“Northern”) requested expedited treatment from the Maine Public Utilities Commission (“MPUC”) for approval of the current financing?

- a) If so, please provide a copy of the document filed with the MPUC that includes that request.
- b) If not, please explain why such treatment was requested in the April 5, 2024 Petition, filed with the New Hampshire Department of Energy (“DOE” or “Department”) in New Hampshire and not in the request filed in Maine.

Response:

The Company requested the same approval date in its Maine filing. Please refer to DOE 1-01 - Attachment 1 for the direct testimony of Christopher J. Goulding and Andre J. Francoeur, filed with the MPUC on April 5, 2024, at page 10 – 11: “Based on this timeline, Northern respectfully requests that the Commission issue an Order Nisi approving this routine financing proposal as soon as possible, but no later than June 28, 2024. This will provide the Company additional flexibility in marketing and closing of the transaction in the private placement market.” This filing with the MPUC is Docket No. 2024-00080.

NORTHERN UTILITIES, INC.

**DIRECT TESTIMONY
OF
ANDRE J. FRANCOEUR
AND
CHRISTOPHER J. GOULDING**

IN SUPPORT OF ISSUANCE OF UP TO \$50,000,000 IN LONG-TERM DEBT

**Maine Public Utilities Commission
Docket No. 2024- ____**

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Andre J. Francoeur. My business address is 6 Liberty Lane West, Hampton,
4 New Hampshire 03842.

5 My name is Christopher J. Goulding. My business address is the same as Mr.
6 Francoeur's.

7 **Q. Mr. Francoeur, what is your position and what are your responsibilities?**

8 A. I am the Financial Planning and Analysis Manager for Unitil Service Corp. ("Unitil
9 Service"), a subsidiary of Unitil Corporation ("Unitil Corp.") that provides managerial,
10 financial, accounting, regulatory, engineering and information technology services to
11 Northern Utilities, Inc. ("Northern" or the "Company"). My responsibilities are primarily
12 in the areas of strategic planning and budgeting, supporting investor relations, and
13 assisting with various regulatory and treasury projects.

14 **Q. Please describe your business and educational background.**

15 A. I have approximately a decade of professional experience within the finance and
16 accounting areas. I began working for Unitil Service in 2017 as a Financial Analyst, was
17 promoted to Senior Financial Analyst in 2020, and promoted to my current role in 2021. I
18 graduated with honors from the State University of New York at Plattsburgh with a
19 Bachelor of Science degree. In 2023, I graduated from the University of New Hampshire
20 with a Master of Business Administration graduate degree with a concentration in
21 Finance.

1 **Q. Do you hold any professional licenses?**

2 A. Yes, I am a Certified Management Accountant.

3 **Q. Mr. Goulding, what is your position and what are your responsibilities?**

4 A. I am the Vice President of Finance and Regulatory for Unitil Service. My responsibilities
5 include all rate and regulatory filings, financial planning and analyses, treasury
6 operations, budget, insurance and loss control programs.

7 **Q. Please describe your business and educational background.**

8 A. I have over 20 years of professional experience in the utility industry focused within the
9 finance, accounting and regulatory areas. In 2000, I was hired by NSTAR Electric & Gas
10 Company (“NSTAR,” now Eversource Energy) and held various positions with
11 increasing responsibility in accounting, corporate finance and regulatory. I was hired by
12 Unitil Service in early 2019 as the Director of Rates and Revenue Requirements. In 2023,
13 I was promoted to my current position. I earned a Bachelor of Science degree in Business
14 Administration from Northeastern University in 2000 and a Master’s in Business
15 Administration from Boston College in 2009.

16 **Q. Were both this testimony and exhibits prepared by one of you or under your direct**
17 **supervision?**

18 A. Yes, they were.

19 **II. PURPOSE OF TESTIMONY**

20 **Q. What is the purpose of your testimony?**

1 A. The purpose of our testimony is to explain Northern’s petition to issue senior unsecured
2 long-term debt in an aggregate amount of up to \$50 million (the “Notes”) during a period
3 from the date of the Commission’s order in this docket through December 31, 2024. The
4 Company is filing a similar petition for authorization to issue securities with the New
5 Hampshire Public Utilities Commission.

6 **III. DESCRIPTION OF FINANCING**

7
8 **Q. Please describe the financing proposal.**

9 A. Northern is seeking the Commission's approval to issue Notes up to \$50 million in
10 aggregate principal amount. The Notes will be sold at par, have a maturity of up to 30
11 years, bear a fixed coupon of not more than 7.50% and be marketed in the private
12 placement market. The Notes are expected to be issued under similar terms and
13 provisions as existing tranches and the Company will work closely with its placement
14 agent(s) to determine the optimal issuance.

15 **Q. How does the Company finance capital expenditures?**

16 A. Capital expenditures are primarily funded by operating cash flows and supplemented
17 with short-term debt. When the short-term balance builds to a sufficient level, long-term
18 financing is pursued and the short-term debt is recapitalized. This financing cycle ensures
19 that long-term utility assets are ultimately financed with long-term capital.

20 **Q. Please provide an overview of Company’s capital investment?**

21 A. Capital investment from 2021 to 2023 has averaged \$59.5 million and the projected
22 investment in 2024 is \$65.4 million. This data is provided in Schedule AFCG-1.

1 **Q. Why is the Company looking to access debt markets at this time and what will the**
2 **proceeds be used for?**

3 As of December 31, 2023, the Company's short-term debt balance was approximately
4 \$86 million and as noted above, budgeted capital expenditures in 2024 are approximately
5 \$65 million. The Company believes it is an appropriate time to pursue a long-term debt
6 financing and address its projected capital needs. The issuance proceeds will be used to
7 recapitalize short-term debt.

8 **Q. With regard to sinking fund payments, please provide a schedule of the Company's**
9 **long-term debt maturity profile**

10 A. Please refer to Schedule AFCG-2 for the Company's historical and upcoming sinking
11 fund payments. The most recent sinking payment was in 2020 and the next principal
12 payment will be in 2027.

13 **Q. Please outline the Company's long-term debt currently outstanding.**

14 A. Please refer to the table below.

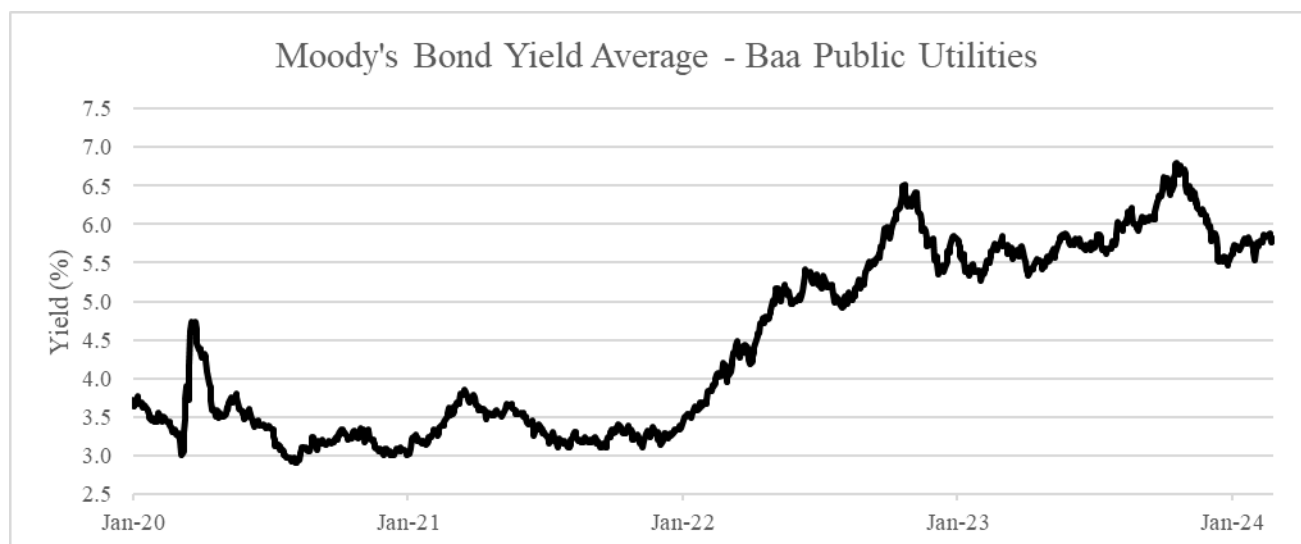
Type	Principle	Issue Date	Maturity Date	Oustanding Balance	Coupon
Sr. Notes	\$ 50,000,000	Dec-08	Dec-38	\$ 50,000,000	7.72%
Sr. Notes	\$ 50,000,000	Oct-14	Oct-44	\$ 50,000,000	4.42%
Sr. Notes	\$ 20,000,000	Nov-17	Nov-27	\$ 20,000,000	3.52%
Sr. Notes	\$ 30,000,000	Nov-17	Nov-47	\$ 30,000,000	4.32%
Sr. Notes	\$ 40,000,000	Sep-19	Sep-49	\$ 40,000,000	4.04%
Sr. Notes	\$ 40,000,000	Sep-20	Sep-40	\$ 40,000,000	3.78%

15
16 **Q. Why is Northern requesting a fixed coupon of not more than 7.50%?**

1 A. As part of its initial due diligence for this offering the Company met with its investment
2 bankers to discuss current market conditions and indicative coupon rates. Investment
3 bankers indicated that a credit spread of approximately 150-250 basis points over the 30-
4 year U.S. Treasury, currently at approximately 4.50%, is likely. Based on the information
5 received the implied all-in fixed coupon rate would be approximately 6.50% if the
6 transaction was priced now. However, market conditions can change quickly and the
7 coupon rate must allow for flexibility to handle market uncertainty and volatility.
8 Therefore, the Company is requesting the Commission approves a maximum coupon rate
9 of 7.50%, roughly 100 basis points over the current market pricing.

10 **Q. Please provide historical bond yields for similarly rated utilities.**

11 A. The graph below illustrates the historical average bond yield for Baa rated utilities. Over
12 the span of January 2020 through February 2024 the bond yield has fluctuated from a low
13 of 2.91% to a high of 6.79%, a change of 388 basis points.



14

15 (Source: S&P Capital IQ)

1 **Q. Please generally describe the current private placement market.**

2 A. The private placement market has been active to start 2024 with \$13.1 billion of debt
3 priced through the middle of March, approximately \$3.0 billion of which has been utility
4 debt. For utilities, this marks the strongest start to the year since 2019. Many issuances
5 have been for shorter duration debt, in the range of 5 to 10 years, creating a dynamic
6 where investor demand for longer-duration debt has outpaced supply. There is significant
7 investor interest for longer-termed investor-grade debt regardless of tenor. Our
8 investment bankers anticipate that a new issuance by the Company will be very well
9 received by investors in the market.

10 **Q. Does Northern expect strong interest from the private placement market?**

11 A. Yes, it does. Previous deals have been well received and the Company believes this
12 issuance will be too. As noted above, the Company's investment bankers share this view.

13 **Q. What types of investors participate in the private placement market?**

14 A. Typically, insurance companies participate in the private placement market as many have
15 demand for long-term securities, are active in the market and are familiar with the utility
16 sector. The Company anticipates that the new issuance will be marketed to a combination
17 of existing investors and prospective investors.

18 **Q. What is the Company's credit rating?**

19 A. Northern has an issuer rating of BBB+ by Standard & Poor's rating agency and an issuer
20 rating of Baa1 by Moody's rating agency. The Company also has a private rating of
21 NAIC-2, which is equivalent to the BBB/Baa S&P/Moody's ratings, by the National

1 Association of Insurance Commissioners (NAIC) which is the regulatory agency of the
2 Company's existing insurance investors.

3 **Q. Will the note issuance materially impact the Company's debt capitalization or credit**
4 **rating metrics?**

5 A. No, it will not. Total leverage will remain largely unchanged as the proceeds will be used
6 to pay down short-term debt.

7 **Q. What are the projected issuance costs for the proposed offering?**

8 A. The following table outlines the estimated costs associated with the Company's \$50
9 million issuance of senior unsecured notes to the private market.

Fee	Amount
Placement Fees / External Counsel ⁽¹⁾	\$ 275,000
Miscellaneous	25,000
Total	\$ 300,000

10 (1) Includes lender's counsel

11 **Q. How has the Company minimized issuance costs?**

12 The Company has taken many efforts to minimize financing costs, including the use of
13 in-house counsel to obtain the Maine Public Utilities Commission approval. The
14 Company also intends to market the transaction along-side its regulated utility affiliates
15 to achieve economies of scale for issuance costs and to increase investor demand.

16 **Q. Does management intend on issuing additional long-term debt at any other**
17 **subsidiary in 2024?**

1 A. Yes, as mentioned above the Company intends to issue debt at multiple subsidiaries and
2 currently has Board approval to issue long-term debt at three other wholly-owned
3 subsidiaries of Unitil Corporation: Unitil Energy Systems, Inc., Granite State Gas
4 Transmission, Inc. and Fitchburg Gas and Electric Light Co. If all four subsidiaries issue
5 debt, a total of \$120 - \$150 million will likely be raised. The issuances will be marketed
6 concurrently, and by doing so, the Company and our investment bankers anticipate
7 additional investor demand and more favorable terms than if each issuance was marketed
8 discretely. For this reason, the ability to pair financings together is beneficial for
9 ratepayers.

10 **Q. Has the Company's Board of Directors approved the proposed financing?**

11 A. Yes, on January 31, 2024, the Company's Board of Directors voted to approve a Note
12 issuance of up to \$50,000,000. Please refer to Schedule AFCG-3 for the certified Board
13 resolution dated February 29, 2024.

14 **Q. What is the timing for the proposed Notes offering?**

15 A. The Company expects to price the debt in the third quarter of 2024 and close the
16 transaction within at least three months of pricing, subject to regulatory approval. This
17 represents the Company's best estimate. It is possible that due to unforeseen market or
18 other conditions, the timing may be adjusted.

19 Based on this timeline, Northern respectfully requests that the Commission issue an
20 Order *Nisi* approving this routine financing proposal as soon as possible, but no later than

1 June 28, 2024. This will provide the Company additional flexibility in marketing and
2 closing of the transaction in the private placement market.

3 **IV. CONCLUSION**

4 **Q. Does the Company believe the issuance of up to \$50 million of senior unsecured**
5 **Notes is in the public good?**

6 A. Yes, the Company believes and, therefore, alleges that the securities to be issued will be
7 consistent with the public good and that it is entitled to issue said securities for the
8 purposes set forth in its petition

9 **Q. Does this conclude your testimony?**

10 A. Yes, it does.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-02

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: April 5, 2024, filing

Please provide copies of any responses that Northern and its parent company Unitil Corporation have submitted, or submit, to data requests issued in the proceeding in other New England jurisdictions, including but not limited to the requests issued by MPUC and Massachusetts Department of Public Utilities.

Response:

As of the filing date of these discovery responses, the Company has not yet received or filed discovery requests in any other jurisdiction relating to petitions to issue securities for the planned 2024 financing.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-03

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: F-4 petition, Direct Testimony of Andre J. Francoeur and Christopher J. Goulding, p. 4, line 5-7, regarding the statement, "The Company believes it is an appropriate time to pursue a long-term debt financing and address its projected capital needs. The issuance proceeds will be used to recapitalize short-term debt."

Please provide a list of projected and/or anticipated uses of the proceeds.

Response:

The proceeds of the debt financings will be used to repay outstanding short-term indebtedness, fund capital spending, and other general corporate purposes. Please refer to Exhibit AFCG-2.

The Company's short-term debt balance has been generated primarily as a result of the Company's capital investment program that has expanded or improved the Company's distribution system. Recapitalizing short-term debt ensures that long-term utility assets are funded with similarly-termed capital.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-04

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: F-4 petition, Direct Testimony of Andre J. Francoeur and Christopher J. Goulding, p. 3, line 10-12, regarding the statement, “The Notes will be... marketed in the private placement market.”

Please provide a table that lists each method that Northern considered for issuing Notes and, for each one, provide the projected cost, rate, and a brief summary of any possible terms that could be restrictive to Northern.

Response:

The Company has discussed various methods, detailed below, for raising debt capital with its investment bankers and believe the private placement market to be the most efficient.

Public Debt Offering: Unlike private placements, public debt securities need to be registered with the Securities Exchange Commission (“SEC”). The registration process is significantly costlier than a private placement. Given the size and frequency of Northern’s capital needs, it is more cost effective to raise capital through private placements. The SEC permits unregistered debt to allow capital formation by lowering the cost of offering securities.

Term Loan: Term Loans offered by commercial banks can be structured similarly to private placements with varying tenors and principle repayment terms. However, the interest rate spread demanded by a commercial bank would be greater than that of institutional investors through the private placement process. Institutional investors participating in the private placement market, typically insurance companies, have demand for long-term maturities and are familiar with the utility sector.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-05

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: April 5, 2024, filing

Please provide a copy of the engagement letter with the Placement Agents and explain how Northern selected the Placement Agents.

Response:

At this time the Company has not selected its Placement Agent. Various selection criteria include: existing relationships, familiarity with the Company and the broader utility industry, deal volume and reputation.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-06

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

- a) Please provide a copy of Northern's 2022, 2023 and 2024 capital budgets with line-item spending.
- b) For each budget line item with a projected capital cost in excess of \$1,000,000, please provide a brief description of the project(s).

Response:

Please refer to DOE 1-06 – Attachment 1 for Northern's 2022 – 2024 capital budgets.

Northern Utilities, Inc. 2022 - 2024 Capital Budget

Line No.	(a) Description	(b) 2022 Budget	(c) 2023 Budget	(d) 2024 Budget	
1	Blankets:				
2	Gas Distribution System Improvements	\$ 1,426,292	\$ 1,713,421	\$ 1,887,994	Costs associated with normal additions and replacements of gas distribution system components. These include pipe, fittings, labor, and other distribution related materials.
3	New Gas Services	5,780,311	4,291,538	3,178,131	Costs associated with the installation of new gas services for residential and commercial customers.
4	Corrosion Control	428,750	392,152	323,230	
5	Abandoned Gas Services	863,022	558,319	586,737	
6	Gas Service Upgrades	3,734,364	2,888,242	2,218,806	Costs associated with the upgrade and renewal of existing gas services. These includes labor, material, transportation, police detail, sand, gravel, road spoil, disposal, loam & seed, and asphalt restoration.
7	Gas Meter Installations - Company	1,404,718	1,264,253	1,550,076	Costs associated with the installation of gas meters and associated equipment for company-driven projects.
8	Gas Meter Installations - Customer	2,143,844	2,021,464	2,469,819	Costs associated with the installation of customer-driven meters and associated meter protection.
9	Gas Meter Purchases - Company	2,543,205	4,049,742	4,096,731	Costs associated with the purchase of gas meters and associated equipment for company-driven projects.
10	Gas Meter Purchases - Customer	1,188,307	1,672,619	2,142,481	Costs associated with the purchase of customer-driven meters and associated meter protection.
11	Gas Distribution System Improvements - Operations	788,939	978,946	1,319,315	Costs associated with normal additions and replacements of equipment and components in gas metering and pressure regulating facilities including labor and contract services for equipment installation. Included are pressure regulators, valves, instrumentation, pressure recorders, pipe, pipe fittings and other equipment associated with gate stations and regulator stations.
12	Total	\$ 20,301,752	\$ 19,830,696	\$ 19,773,320	
13	Blankets Water Heater:				
14	New Water Heater Installations	\$ 250,460	\$ 288,300	\$ 303,500	
15	Water Heater & Conversion Burner Replacement	219,325	232,695	242,094	
16	Total	\$ 469,785	\$ 520,995	\$ 545,594	
17	Communications:				
18	Gas SCADA Master System Upgrades	\$ -	\$ -	\$ 37,500	
19	Total	\$ -	\$ -	\$ 37,500	
20	Distribution Gas:				

21	Gas Main Extensions	\$ 6,698,835	\$ 3,908,947	\$ 3,451,543	Costs associated with funding for mains extension projects in line with the mains extension policy.
22	Gas Highway Projects	3,904,923	2,662,163	4,005,950	Mandated replacements and relocations associated with municipal and state roadway projects.
23	Asphalt Restoration	2,661,585	2,262,605	1,937,862	Costs associated with the municipal and state requirements for 2nd year remedial asphalt restoration.
24	Farm Tab Replacement	663,035	-	-	
25	Hawthorne/Applevale Stations Rebuild	1,239,037	3,232,344	-	Replacement of an aging regulator station that was experiencing capacity issues and icing.
26	Blackwater Rd Somersworth Improvement	-	1,436,528	870,472	System improvement designed to improve pressures and reliability in the Somersworth IP system.
27	Nimble Hill Rd. Station	-	-	4,449,262	Costs associated with the fabrication of a new district regulator station to replace the existing Nimble Hill Road station in Newington, NH.
28	Salem Gate Station Upgrade	-	638,206	-	
29	Water St Exeter Main Replacement	-	368,442	-	
30	Bartlett Avenue/High Street Stations Rebuild	-	3,151,026	499,063	Costs associated with the fabrication of a new district regulator station to serve increased load in all three systems and will include the addition of pre-heat so as to mitigate gas heat concerns.
31	Regulator Station Pipe & Component MAOP Verification	-	-	386,402	
32	Targeted Infrastructure Replacement (TIRA)	19,083,586	18,728,138	20,910,323	Mandated programmatic replacement of cast iron and unprotected bare steel mains that have historically been prone to leaks.
33	Commercial/Industrial LVM Upgrades & Replacements	-	168,375	363,160	
34	Saco TAB	241,937	-	-	
35	Sanford TAB	894,611	-	-	
36	Auburn MAOP Reverification	392,820	436,179	-	
37	Kittery Expansion	320,126	-	135,296	
38	PSMS Implementation	34,367	-	-	
39	Portsmouth Naval Shipyard Bridge Supports - Replacement	-	-	106,658	
40	Mussey St South Portland Main Replacement	-	-	92,388	
41	South Portland System Imp small diameter pipe	222,359	-	-	
42	Total	\$ 36,357,221	\$ 36,992,953	\$ 37,208,379	
43	Tools, Shop, Garage:				
44	Normal Additions and Replacements - Systems Ops.	\$ 81,000	\$ 40,500	\$ 43,000	
45	Normal Additions and Replacements	74,502	75,537	76,603	
46	Fire Retardant Clothing	45,000	25,000	13,883	
47	Normal add & replace - Metering and FS	10,050	10,050	12,000	
48	Pipeline Safety Management System	35,000	50,000	60,000	
49	Training/Testing Equipment and Materials	100,000	100,000	50,000	
50	Leak Detection Equipment	89,000	20,000	13,528	
51	GIS Data Development	234,000	84,000	150,000	
52	Vacuum Excavator	-	210,342	-	
53	DIMP Risk Model	70,000	100,000	83,334	
54	Mueller Equipment	80,000	-	65,000	
55	Miscellaneous	100,000	26,000	88,653	

56	Total	\$	918,552	\$	741,429	\$	656,001	
57	Office:							
58	Office Furniture & Equipment Normal Additions & Replacements	\$	6,000	\$	8,500	\$	8,500	
59	Cubicle Replacements		-		-		425,000	
60	Total	\$	6,000	\$	8,500	\$	433,500	
61	Production:							
62	LNG Tank / Plant	\$	-	\$	285,027	\$	87,577	
63	Total	\$	-	\$	285,027	\$	87,577	
64	Structures General:							
65	Normal Improvements to Portsmouth Facility	\$	163,000	\$	18,000	\$	20,000	
66	Carpet/Flooring & Interior Improvements		-		-		160,000	
67	Training Facility		250,000		-		-	
68	High Efficiency Cooling - Stock Room		-		-		25,000	
69	Acquisition of Property: Gas Training Facility		1,000,000		-		-	Acquisition of property to construct a new gas training facility to support the increase in mandated hands-on gas operator qualification training.
70	Upgrade Office & General Lighting		40,000		50,000		-	
71	Normal Improvements to Portland Facility		18,000		18,000		20,000	
72	Parking Lot Improvements		-		-		932,000	
73	HVAC Upgrades		400,000		-		-	
74	CNG Fueling Station		-		-		265,000	
75	Total	\$	1,871,000	\$	86,000	\$	1,422,000	
76	Transportation:							
77	Pickup Truck		8		13		8	
78	Dump Truck		1		-		-	
79	Fitter Truck		2		1		2	
80	Box Truck		-		-		-	
81	Boom Truck		-		-		-	
82	Service Van		1		3		6	
83	Trailer		2		-		-	
84	Backhoe		-		-		-	
85	All Terrain Vehicle		-		1		-	
86	Idle Mitigation ⁽¹⁾		-		-		81,000	
87	Total		14		18		81,016	
88	Total	\$	59,924,324	\$	58,465,618	\$	60,244,887	

(1) - Represents cost to upgrade vehicles.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-07

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

- a) Please provide the most recent ratings and reports issued by any credit rating agency (including, if applicable, those of S&P, Moody's, and Fitch) for Unitil and each of its subsidiaries, and for each debt issuance issued by Unitil and each of its subsidiaries.
- b) For each debt issuance included in your response, please provide a description of the issuance, including the issue date, maturity date, whether the debt is secured, and the coupon rate.

Response:

Unitil Corporation and all of its utility subsidiaries (Unitil Energy Systems, Inc., Fitchburg Gas and Electric Light Company, Northern Utilities, Inc. and Granite State Gas Transmission, Inc.) are rated BBB+ by Standard & Poor's rating agency.

Unitil Corporation and Granite State Gas Transmission, Inc. are rated Baa2 by Moody's rating agency. Northern Utilities, Inc., Unitil Energy Systems, Inc., and Fitchburg Gas and Electric Light Company are all rated Baa1 by Moody's.

Unitil Energy Systems, Inc. has a first mortgage bond rating of A2 from Moody's rating agency.

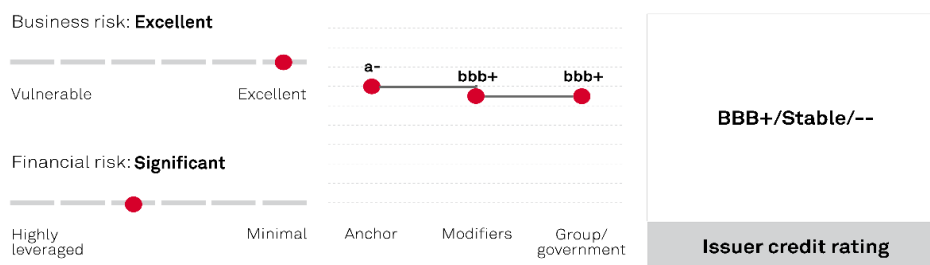
Please refer to DOE 1-07 - Attachment 1 for the S&P credit rating report dated August 11, 2023.

Please refer to DOE 1-07 – Attachment 2 for the Moody's credit rating report dated October 6, 2023.

Unitil Corp.

August 11, 2023

Ratings Score Snapshot



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Pune

Credit Highlights

Overview

Key strengths

Predominantly low-risk electric and natural gas distribution operations.

Generally constructive regulatory frameworks in three states.

Adequate financial cushion from downgrade threshold.

Increasing capital spending to support gas system growth and electric distribution system modernization, reducing operational risks.

Key risks

Smaller customer base and limited scope of operations adds risk to business profile.

Material exposure to industrial and commercial customers relative to peers.

Robust capital spending resulting in consistent negative discretionary cash flow, requiring consistent access to the capital markets.

We continue to monitor the pending rate case activities. In May 2023, Unitil subsidiary Northern Utilities (NU) filed a rate case with the Maine Public Utilities Commission (MPUC) to increase its base distribution rates by \$11.8 million, a 9.4% increase over the company's test year operating revenue. The filing is based on information for 12 months ended Dec. 31, 2022, incorporating a forward-looking analysis of revenues, expenses, and spending through the rate

Unitil Corp.

year (Feb. 1, 2024, through Jan. 31, 2025). Unitil subsidiary Fitchburg Gas and Electric (FG&E) is also expected to file multi-year rate cases for both gas and electric in August 2023. A decision for these rate cases is expected during the first half of 2024.

Unitil's small size weighs on the business risk profile. Compared to peers, Unitil is a small utility with less than 200,000 customers, increasing its susceptibility to local economic conditions. Furthermore, given the company's size, it has fewer financial levers available to implement should it be under financial stress, relative to its larger peers.

Outlook

The stable outlook on Unitil and its subsidiaries reflects our expectation that the consolidated company will continue to manage regulatory risk effectively, recover project costs through approved mechanisms on a timely basis, and fund its capital projects in a balanced manner, while maintaining its current capital structure. Under our base-case scenario, we expect Unitil's financial measures to consistently reflect the middle of the range for its financial risk profile category, with S&P Global Ratings-adjusted funds from operations (FFO) to debt in the 17%-19% range.

Downside scenario

We could lower the rating on Unitil and its subsidiaries if consolidated FFO to debt consistently weakened to below 13%. This could occur if the company does not receive sufficient and timely cost recovery of its invested capital or if costs sharply rise without an ability for near-term recovery. We could also lower the rating if the company changes its current utility-focused strategy and materially expands its non-utility operations.

Upside scenario

We could raise the rating if financial measures materially increase such that FFO to debt is consistently above 19%. This could occur through higher cash flow generation resulting from higher sales, improved rate case outcomes, or increased equity issuance.

Our Base-Case Scenario

Assumptions

- Gross margin growth primarily from regulated capital recovery and customer growth in New Hampshire, Maine, and Massachusetts.
- Elevated capital spending averaging about \$165 million annually through 2027, primarily to support gas system growth and distribution system modernization.
- Discretionary cash flow deficit that we expect to be funded primarily with debt.
- All debt maturities are refinanced.

Key metrics

Unitil Corp.

Unitil Corp.—Forecast summary*

	2022a	2023e	2024f	2025f
Debt to EBITDA (x)	4.3	4.0-4.5	4.0-4.5	4.0-4.5
FFO to debt (%)	19.1	17.0-19.0	17.0-19.0	17.0-19.0
FFO cash interest coverage (%)	5.6	5.0-5.5	5.0-5.5	5.0-5.5

*All figures adjusted by S&P Global Ratings. a--Actual. f--Forecast. e--Estimate. FFO--Funds from operations.

Company Description

Unitil is a holding company of three regulated electric and natural gas distribution utilities serving about 195,600 customers in Massachusetts, Maine, and New Hampshire (Fitchburg Gas and Electric Light Co. [FG&E], NU, and Unitil Energy Systems Inc. (UES)). Together, these regulated subsidiaries contribute a majority of the consolidated revenues. Additionally, Unitil is the holding company of Granite State Gas Transmission Inc. (Granite State), an interstate gas transmission pipeline company located primarily in Maine and New Hampshire, primarily serving the natural gas needs of affiliate NU.

Peer Comparison

Unitil Corporation--Peer Comparisons

	Unitil Corp.	Central Maine Power Co.	Central Hudson Gas & Electric Corp.	New York State Electric & Gas Corp.
Foreign currency issuer credit rating	BBB+/Stable/--	A/Stable/A-1	BBB+/Stable/NR	A-/Stable/A-2
Local currency issuer credit rating	BBB+/Stable/--	A/Stable/A-1	BBB+/Stable/NR	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual
Period ending	2022-12-31	2022-12-31	2022-12-31	2022-12-31
Mil.	\$	\$	\$	\$
Revenue	563	1,051	1,018	2,221
EBITDA	147	363	176	401
Funds from operations (FFO)	119	267	135	347
Interest	28	52	43	73
Cash interest paid	26	51	40	67
Operating cash flow (OCF)	99	374	(37)	48
Capital expenditure	122	294	222	674
Free operating cash flow (FOCF)	(23)	81	(259)	(626)
Discretionary cash flow (DCF)	(48)	(149)	(259)	(801)
Cash and short-term investments	9	28	2	0
Gross available cash	9	28	2	0
Debt	625	1,367	1,220	2,464

Unitil Corp.

Unitil Corporation--Peer Comparisons

Equity	468	2,196	1,056	2,429
EBITDA margin (%)	26.0	34.5	17.3	18.1
Return on capital (%)	7.7	6.7	4.7	5.3
EBITDA interest coverage (x)	5.2	7.0	4.1	5.5
FFO cash interest coverage (x)	5.6	6.2	4.4	6.2
Debt/EBITDA (x)	4.3	3.8	6.9	6.1
FFO/debt (%)	19.1	19.5	11.0	14.1
OCF/debt (%)	15.9	27.4	(3.1)	2.0
FOCF/debt (%)	(3.6)	5.9	(21.2)	(25.4)
DCF/debt (%)	(7.7)	(10.9)	(21.2)	(32.5)

Business Risk

Our business risk profile assessment of Unitil as excellent reflects its lower-risk, rate-regulated electric and natural gas distribution operations that provide essential services. Our assessment also incorporates the company's generally constructive regulatory framework in supportive jurisdictions that allow the company recover costs, including capital spending, through annual adjustments, decoupling, multiyear rate plans, and capital tracker mechanisms. Over 80% of its total customer base is covered under decoupled rates, reducing the volumetric risk associated with electricity and natural gas sales. Furthermore, while the company operates a small gas transmission business (less than 5% of EBITDA), it reduces its business risk by primarily serving the natural gas needs of its affiliate utility, NU, and not higher-risk third-party marketers.

Partially offsetting these strengths is the company's relatively small base of 195,600 customers. This increases its susceptibility to local economic conditions. Additionally, we believe the company has fewer financial levers available to implement should it be under financial stress, relative to its larger peers. As such, we assess the company at the lower end of the range for its business risk profile category. To incorporate this risk, we assess the comparable rating analysis modifier as negative.

Financial Risk

Under our base-case scenario, we expect Unitil's financial measures, including S&P Global Ratings-adjusted FFO to debt, to continue to remain in the significant financial risk profile range through 2025. We expect the company to operate with an adjusted FFO-to-debt ratio in the 17%-19% range through 2025, which is at the midpoint of the benchmark range.

Our expectation incorporates periodic rate filings and cost recovery across the company's regulated utilities. Furthermore, capital tracker mechanisms in Maine, New Hampshire, and Massachusetts that allow the utility to recover capital spending between base rate cases through rate surcharges or step adjustments, supports our expectations for cash flow stability.

Our base case also reflects the elevated capital spending of about \$820 million for the 2023-2027 period, which is 40% higher than the previous five years, the majority of which is directed to support gas system growth and electric distribution system modernization.

While our base case assumes negative discretionary cash flow during the forecast period, we expect this will be funded in a credit-supportive manner. We expect leverage, as measured by adjusted debt to EBITDA, to be 4.0x-4.5x, incorporating the incremental debt issuances to fund the rising spending.

Unitil Corp.

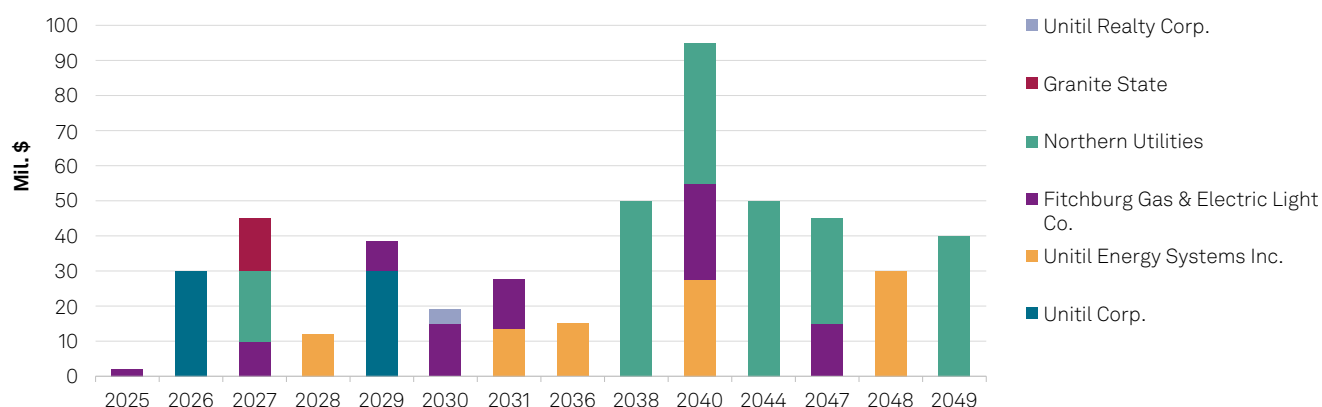
We assess Unitil's financial risk profile using our medial volatility benchmarks, reflecting its lower-risk utility operations and effective regulatory risk management.

Debt maturities

- 2023: \$7 million
- 2024: \$5 million
- 2025: \$5 million
- 2026: \$38 million
- 2027: \$56 million
- Thereafter: \$389 million

Scheduled maturities of Unitil Corp Inc.'s long-term debt

As of Dec. 31, 2022



Source: Company's filings.
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Unitil Corporation--Financial Summary

Period ending	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
Reporting period	2017a	2018a	2019a	2020a	2021a	2022a
Display currency (mil.)	\$	\$	\$	\$	\$	\$
Revenues	406	444	438	419	473	563
EBITDA	131	125	129	129	141	147
Funds from operations (FFO)	107	100	104	104	113	119
Interest expense	27	27	27	27	27	28
Cash interest paid	23	25	24	25	26	26

Unitil Corp.

Unitil Corporation--Financial Summary

Operating cash flow (OCF)	87	80	106	77	110	99
Capital expenditure	119	102	119	123	115	122
Free operating cash flow (FOCF)	(32)	(23)	(13)	(46)	(5)	(23)
Discretionary cash flow (DCF)	(52)	(45)	(35)	(69)	(29)	(48)
Cash and short-term investments	9	8	5	6	7	9
Gross available cash	9	8	5	6	7	9
Debt	552	572	621	709	667	625
Common equity	337	351	377	389	449	468
Adjusted ratios						
EBITDA margin (%)	32.2	28.2	29.4	30.9	29.7	26.0
Return on capital (%)	9.9	8.1	7.9	7.4	7.5	7.7
EBITDA interest coverage (x)	4.8	4.6	4.7	4.9	5.1	5.2
FFO cash interest coverage (x)	5.6	5.0	5.3	5.2	5.3	5.6
Debt/EBITDA (x)	4.2	4.6	4.8	5.5	4.7	4.3
FFO/debt (%)	19.5	17.4	16.7	14.7	16.9	19.1
OCF/debt (%)	15.8	13.9	17.1	10.8	16.4	15.9
FOCF/debt (%)	(5.8)	(4.0)	(2.1)	(6.5)	(0.8)	(3.6)
DCF/debt (%)	(9.5)	(7.8)	(5.7)	(9.7)	(4.4)	(7.7)

Reconciliation Of Unitil Corporation Reported Amounts With S&P Global Adjusted Amounts (Mil. \$)

Financial year	Dec-31-2022	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Company reported amounts		612	468	563	143	81	28	147	98	25	122
Cash taxes paid		-	-	-	-	-	-	(1)	-	-	-
Cash interest paid		-	-	-	-	-	-	(26)	-	-	-
Lease liabilities		5	-	-	-	-	-	-	-	-	-
Operating leases		-	-	-	2	0	0	(0)	2	-	-
Postretirement benefit obligations/deferred compensation		37	-	-	-	-	-	-	-	-	-
Accessible cash and liquid investments		(9)	-	-	-	-	-	-	-	-	-
Share-based compensation expense		-	-	-	2	-	-	-	-	-	-
Nonoperating income (expense)		-	-	-	-	4	-	-	-	-	-
Debt: other		(20)	-	-	-	-	-	-	-	-	-
Total adjustments		13	-	-	4	4	0	(27)	2	-	-

Unitil Corp.

Reconciliation Of Unitil Corporation Reported Amounts With S&P Global Adjusted Amounts (Mil. \$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
S&P Global Ratings adjusted	Debt	Equity	Revenue	EBITDA	EBIT	Interest expense	Funds from Operations	Operating cash flow	Dividends	Capital expenditure
	625	468	563	147	85	28	119	99	25	122

Liquidity

As of June 30, 2023, we assess the Unitil's liquidity as adequate, which reflects our expectation that sources of cash will be more than 1.1x its uses over the next 12 months, even if forecast EBITDA declines 10%. We use slightly less stringent thresholds to assess Unitil's liquidity because we believe its constructive regulatory framework provides manageable cash flow stability even in times of economic stress. Unitil maintains \$200 million in committed credit facilities through 2027. We believe the company can lower its high capital spending during stressful periods, which limits the need to refinance under such conditions. Furthermore, our assessment reflects Unitil's generally prudent risk management, sound relationships with banks, and a satisfactory standing in the credit markets. Overall, we believe Unitil will likely withstand adverse market circumstances during the next 12 months with sufficient liquidity to meet its obligations.

We expect Unitil to manage upcoming long-term debt maturities and refinance well in advance of scheduled due dates.

Principal liquidity sources

- Cash and liquid investments of about \$7 million;
- Estimated cash FFO of about \$125 million; and
- Credit facility availability of about \$200 million.

Principal liquidity uses

- Maintenance capital spending of about \$130 million;
- Working capital outflows of about \$5 million;
- Debt maturities of about \$140 million over the next 12 months; and
- Dividends of about \$25 million.

Environmental, Social, And Governance

Environmental factors are a moderately negative consideration in our credit rating analysis of Unitil Corp. due to the company's natural gas pipeline network. We believe these factors lead to heightened risks as methane leaks can stem from vintage gas infrastructure and compromised infrastructure can cause the occasional safety incident. Further, the company's coastal operations expose it to severe weather events. Social factors are therefore a moderately negative consideration in our credit rating analysis as well.

Group Influence

Under our group rating methodology, we assess Unitil as the parent of a group, which includes core subsidiaries FG&E, NU, UES, and Granite State. Unitil's group credit profile is 'bbb+', leading to an issuer credit rating of 'BBB+'.

Unitil Corp.

Rating Component Scores

Foreign currency issuer credit rating	BBB+/Stable/--
Local currency issuer credit rating	BBB+/Stable/--
Business risk	Excellent
Country risk	Very Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	a-
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Satisfactory (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	bbb+

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Unitil Corp.

Ratings Detail (as of August 11, 2023)*

Unitil Corp.

Issuer Credit Rating BBB+/Stable/--

Issuer Credit Ratings History

05-Aug-2022 BBB+/Stable/--

05-Nov-2020 BBB+/Negative/--

23-Dec-2014 BBB+/Stable/--

Related Entities

Fitchburg Gas and Electric Light Co.

Issuer Credit Rating BBB+/Stable/--

Granite State Gas Transmission Inc.

Issuer Credit Rating BBB+/Stable/--

Northern Utilities Inc.

Issuer Credit Rating BBB+/Stable/--

Unitil Energy Systems Inc.

Issuer Credit Rating BBB+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Unitil Corp.

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CREDIT OPINION

6 October 2023

Update



RATINGS

Unitil Corporation

Domicile	New Hampshire, United States
Long Term Rating	Baa2
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Unitil Corporation

Update to credit analysis

Summary

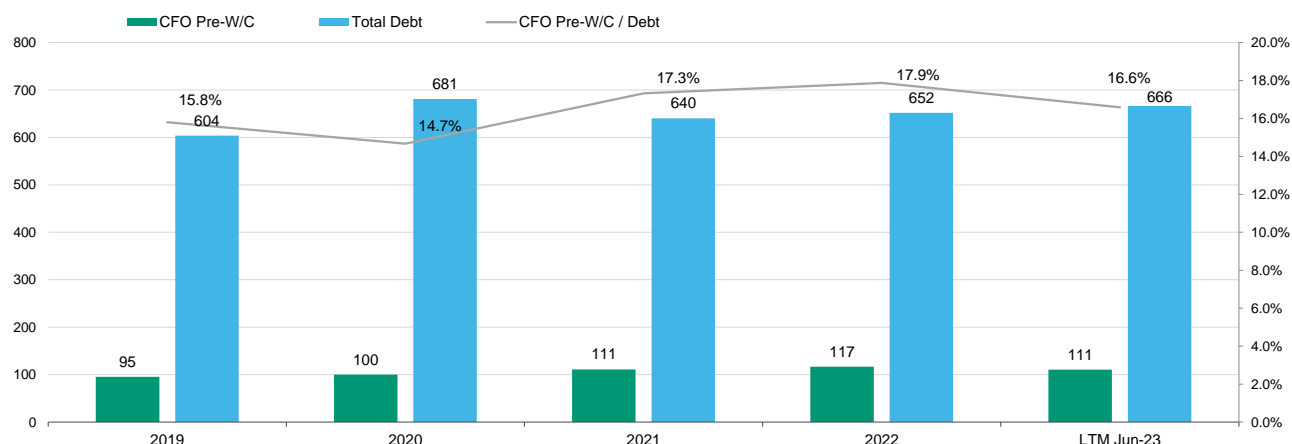
[Unitil Corporation's](#) (Unitil) credit profile is supported by the quality of the cash flow (i.e dividend) generated by its low business risk fully rate regulated utilities, which operate in several credit supportive jurisdictions in the New England region. Unitil's business consists of both regulated electric transmission and distribution (T&D) utilities and natural gas local distribution companies (LDCs). We anticipate Unitil's steady operating and financial performance to continue over the next several years driven by the strength of its utilities.

We expect Unitil to sustain its stable financial metrics including a ratio of cash flow from operations before changes in working capital (CFO pre-WC) to debt ranging between 17% and 19% over the next few years. The company's credit also considers the structural subordination of its parent level debt, which accounted for approximately 12% of total consolidated debt as of 30 June 2023, compared to that of its operating subsidiaries. We expect parent level debt to remain steady with no material new issuances over the next several years.

The credit profiles of subsidiaries [Unitil Energy Systems, Inc.](#) (UES, Baa1 stable), [Fitchburg Gas & Electric Light Company](#) (FGE, Baa1 stable), and [Northern Utilities, Inc.](#) (NU, Baa1 stable) reflects each utility's low risk profile as regulated electric T&Ds and/or gas LDCs operating in the credit supportive regulatory jurisdictions of Massachusetts, New Hampshire and Maine. UES, FGE and NU have regulatory approval to utilize several timely cost and investment recovery mechanisms as well as revenue decoupling which enables the utilities to generate credit metrics supportive of their credit quality. We expect UES to maintain a CFO pre-WC to debt ratio in the low 20% range while NU and FGE will sustain a ratio of about 17% and 20%, respectively.

Unitil's smallest subsidiary, [Granite State Gas Transmission, Inc.'s](#) (GSGT, Baa2 stable) credit profile reflects its small size relative to other FERC regulated gas pipelines and its adequate financial profile. The pipeline operations support NU's service territories within Maine and New Hampshire and have low recontracting risk owing to the evergreen contract agreement with NU, which represents about 70% of total revenue annually. GSGT's credit metrics have fluctuated in recent years but we expect its FFO to debt ratio will range between 14% and 17% over the next two years.

Exhibit 1
Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt (\$ MM)



Source: Moody's Financial Metrics

Credit Strengths

- » Diversified regulated utility holding company
- » Low-risk electric T&Ds and natural gas LDCs
- » Credit supportive regulatory jurisdictions
- » Financial metrics expected to remain stable

Credit Challenges

- » Small size and scale
- » Substantial exposure to commercial and industrial customers

Rating Outlook

Unitil's stable outlook reflects our expectation that the company will continue to operate as a low-risk regulated utility holding company and maintain a solid financial profile including a CFO pre-WC to debt ratio ranging between 17% and 19% over the next several years. Additionally, we expect parent level debt to remain at consistent levels in the low teens as a percentage of total consolidated debt.

The stable outlooks for UES, FGE, NU and GSGT incorporate our expectation that the utilities will continue to operate within supportive regulatory environments and maintain consistent financial metrics including ratios of CFO pre-WC to debt in the low 20% range for UES, about 20% for FGE, about 17% for NU, and a FFO to debt ratio between 14% and 16% for GSGT.

Factors that Could Lead to an Upgrade

Unitil could be upgraded if the rating of its largest subsidiaries, such as UES or NU, is upgraded. Unitil could also be upgraded if its financial profile strengthens such that its ratio of CFO pre-WC to debt is sustained above 20% going forward.

UES, FGE and NU could be upgraded if their respective regulatory constructs improve including authorization of formula rates and forward test years. The utilities could also be upgraded if their financial profiles strengthen including ratios of CFO pre-WC to debt sustained above 25% going forward.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

GSGT could be upgraded if its ratio of FFO to debt is sustained above 20% on a consistent basis.

Factors that Could Lead to a Downgrade

Unitil could be downgraded if one of its largest subsidiaries, such as UES or NU, is downgraded or if its financial performance deteriorates including a CFO pre-WC to debt ratio falling below 14% on a sustained basis. Unitil could also be downgraded if its holding company debt as a percentage of consolidated debt increases to the mid-20% range or higher and we expect it to be sustained at this level.

UES, FGE and NU could be downgraded if their credit metrics decline including a CFO pre-WC to debt ratio falling below 17% on a sustained basis or if their respective regulatory jurisdiction becomes less credit supportive through material cost disallowances or less supportive rate case outcomes.

GSGT could be downgraded if its FFO to debt ratio is sustained below 12% or if there is deterioration in the credit quality of the pipeline's shippers, primarily NU, or of Unitil's credit quality.

Key Indicators

Unitil Corporation [1]

	Dec-19	Dec-20	Dec-21	Dec-22	LTM Jun-23
CFO Pre-W/C + Interest / Interest	4.3x	4.5x	4.9x	4.7x	4.3x
CFO Pre-W/C / Debt	15.8%	14.7%	17.3%	17.9%	16.6%
CFO Pre-W/C – Dividends / Debt	12.1%	11.4%	13.6%	14.0%	12.7%
Debt / Capitalization	56.3%	57.8%	52.6%	50.9%	50.5%

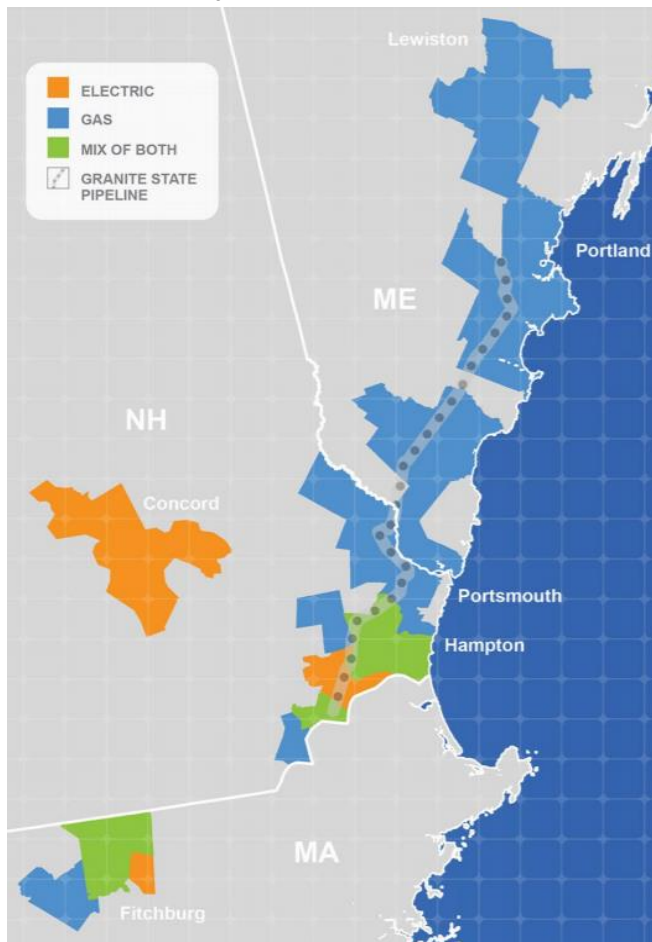
[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
 Source: Moody's Financial Metrics

Profile

Headquartered in Hampton, New Hampshire, Unitil Corporation is a utility holding company that serves close to 195,600 electric and gas customers in the greater northern New England region. Unitil's regulated utility subsidiaries include Unitil Energy Systems, Inc. (UES), an electric T&D that serves over 77,800 customers in New Hampshire; Fitchburg Gas & Electric Light Company (FGE), a gas and electric distribution company that serves just over 46,600 customers in Massachusetts; Northern Utilities, Inc. (NU), a natural gas LDC that serves over 71,200 customers in New Hampshire and Maine; and Granite State Gas Transmission, Inc. (GSGT), an 86 mile natural gas pipeline in New Hampshire and Maine.

UES is regulated by the New Hampshire Public Utilities Commission (NHPUC). FGE is regulated by the Massachusetts Department of Public Utilities (MDPU). NU is regulated by the NHPUC and the Maine Public Utilities Commission (MPUC). GSGT is regulated by the Federal Energy Regulatory Commission (FERC). Unitil had about \$1.6 billion in assets and almost \$600 million in revenue for the last twelve months ending 30 June 2023.

Exhibit 3
 Until's service territory



Source: Company presentation

Detailed Credit Considerations

Stable, low business risk utilities with substantial exposure to C&I customers

Unitil's credit profile incorporates the regulatory and geographic diversification from owning four regulated utilities within the greater New England region. Unitil's corporate family of low-risk regulated utilities includes electric T&D's, natural gas LDCs and a small FERC regulated natural gas pipeline. The vast majority of consolidated revenue is derived from utility services while only 1% of revenue is from natural gas transportation services. As shown in Exhibit 4, UES and NU are the largest of the four subsidiaries, which combined produced about 63% of total consolidated revenue.

Unitil's credit profile also reflects the structural subordination of the parent's debt holders relative to the indebtedness of its operating utilities. Unitil's holding company level debt of \$60 million represents approximately 12% of consolidated total long term debt. If parent level debt were to increase significantly from current levels, it could lead to a wider differential between the credit quality of the parent and its operating subsidiaries. We expect parent level debt to remain steady in the low teens as a percentage of total debt with no material new issuances over the next several years.

Exhibit 4

Unitil corporate family financial summary

Company	Segment	States	Revenue	Revenue as % of Consolidated	Long-term Debt	LTD as % of Consolidated	Total Assets	Total Assets as % of Consolidated
Unitil Corporation	HoldCo	NH	\$595.3	100%	\$60	12%	\$1,540	100.0%
Unitil Energy Systems, Inc.	T&D	NH	\$241.1	41%	\$93	19%	\$403	26.2%
Fitchburg Gas & Electric Light Company	T&D/LDC	MA	\$134.0	23%	\$88	18%	\$419	27.2%
Northern Utilities, Inc.	LDC	NH & ME	\$218.7	37%	\$230	47%	\$694	45.0%
Granite State Gas Transmission, Inc.	Pipeline	NH & ME	\$8.1	1%	\$15	3%	\$60	3.9%

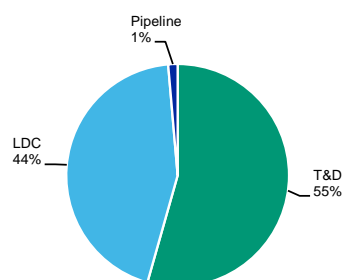
LTM Q2 2023

Source: Unitil Corp filings

When considering a breakdown by segment, Unitil's T&D business represents about 55% of consolidated revenue with its LDC segment comprising about 44%, as shown in Exhibit 5. Of Unitil's T&D business, UES is the largest by revenue while NU is the largest by revenue of Unitil's LDC business (Exhibit 7).

Exhibit 5

Consolidated revenue breakdown by segment

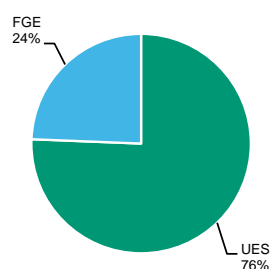


As of 30 June 2023

Source: Unitil's financial filings

Exhibit 6

T&D revenue breakdown by utility

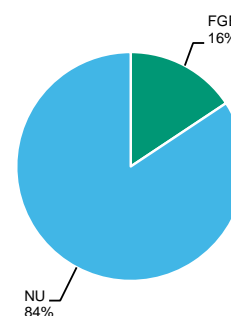


As of 30 June 2023

Source: Unitil's financial filings

Exhibit 7

LDC revenue breakdown by utility

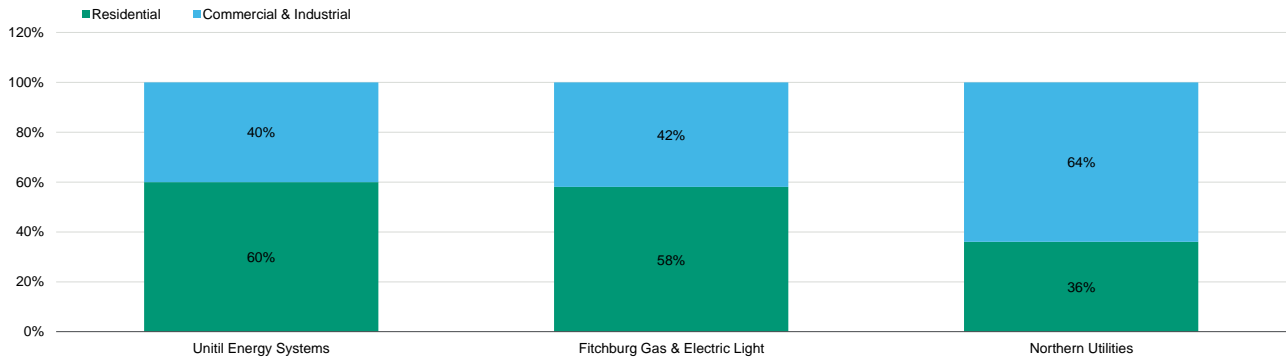


As of 30 June 2023

Source: Unitil's financial filings

Unitil's material exposure to commercial and industrial (C&I) customers, which account for about 50% of annual revenue, detracts from its low business risk profile (see Exhibit 8). Because of the cyclical nature of C&I customer demand, these customers typically add more volatility to sales volumes especially during economic downturns. In the absence of decoupling mechanisms, lower than anticipated volumes can have a negative impact on Unitil's subsidiaries' cash flows. NU has the highest exposure as over 60% of its revenue are from C&I customers.

Exhibit 8
Revenue breakdown by customer class



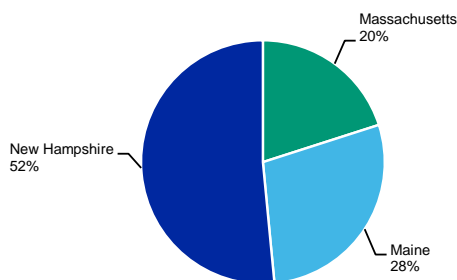
As of 30 June 2023
 Source: Unitil Corp Filings

Favorably, approximately 82% of the utilities' customers are now under a decoupling mechanism. UES and NU were authorized for decoupling within New Hampshire as of the conclusion of their general rate cases in 2022. The mechanism had previously only been available to FGE in Massachusetts. Unitil's T&D business is now fully decoupled with its LDC segment at about 60% of customers under a decoupling mechanism. As a result, we expect greater stability of cash flow for these utilities going forward given that New Hampshire represents the largest share of rate base thereby mitigating the higher risk C&I exposure.

Generally credit supportive and consistent regulatory jurisdictions in the New England region

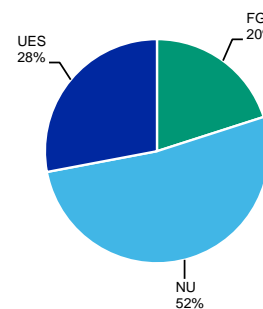
The Unitil family of utilities operate in New Hampshire, Maine and Massachusetts where we view the regulatory environments to be credit supportive. The largest share of rate base is located within New Hampshire where NU, UES and GSGT operate (see Exhibit 9 and Exhibit 10). Each company has received generally constructive rate case outcomes that support cash flow generation resulting in steady credit metrics. Additional support is provided by generally timely cost recovery mechanisms such as capital investment trackers and revenue decoupling in Massachusetts and New Hampshire. Decoupling insulates the utilities' cash flow from fluctuations in their retail electric and gas sales, thus adding a higher level of stability and predictability, a credit positive.

Exhibit 9
Unitil rate base breakdown by state



As of 30 June 2023
 Source: Rate case filings

Exhibit 10
Unitil rate base breakdown by utility



As of 30 June 2023
 Source: Rate case filings

Northern Utilities

NU's rate base is largely in Maine (63%) with the remainder in New Hampshire. On 2 August 2021, NU filed its latest general rate case in New Hampshire seeking a base rate increase of about \$7.7 million premised on a pro forma 2020 test year. On 20 July 2022,

the NHPUC approved a settlement agreement authorizing a \$6.1 million revenue increase (9.1% increase) and a revenue decoupling mechanism (RDM), a credit positive. The new rate plan took effect on 1 August 2022 with a reconciliation to the effective date of interim rates on 1 October 2021. The settlement authorized a 9.3% ROE, previously 9.5%, and a 52% equity ratio, previously 51.7%.

The settlement further authorized NU an additional increase or step adjustment for the full 2021 rate year over the 11-months between 1 September 2022 and 31 July 2023. The utility originally requested three annual step adjustments effective 1 August of each year from 2022 through 2024. Due to the single step adjustment, NU agreed to not file a rate case before 1 January 2024. However, the company is able to adjust distribution rates as a result of exogenous events such as state or federal initiated cost changes, regulatory cost reassignments or an externally imposed accounting rule change, if such event exceeds \$0.2 million.

In Maine, NU filed its latest general rate case on 1 May 2023 requesting an \$11.8 million base distribution rate increase (9.4%) based on a forward test year of 1 February 2024 through 31 January 2025. On 20 September 2023, the MPUC approved a settlement agreement authorizing an about \$7.6 million revenue increase, a 52.01% equity layer and 9.35% ROE. Although the ROE was lowered from 9.48%, the authorized equity layer was increased from 50% leading to an overall slight improvement in the weighted average cost of equity of about 0.12%, which we view as credit supportive.

Fitchburg Gas & Electric Light

In Massachusetts, FGE uses a revenue decoupling mechanism for its electric and gas segments. Decoupling reconciles the utility's electric and gas distribution revenue, on an annual basis, to a baseline distribution service revenue level established by the MDPU. FGE also utilizes a long-term capital expenditure tracker that allows for timely annual revenue adjustments to recover capital investments for both electric and gas.

The utility filed its latest electric and gas general rate case on 17 August 2023 requesting a \$6.8 million and \$10.8 million revenue increase respectively. The request includes roll-in of investments and expenses approved for recovery through various rate mechanisms and a proposal for the adoption of Performance Based Ratemaking (PBR). The filing was premised on a 10.5% ROE for electric and a 10.75% ROE for gas; the equity layer requested was the same for both at 52.26%.

FGE's last general rate case was filed on 17 December 2019 and on 17 April 2020, the MDPU approved a settlement agreement for both electric and gas base rates. The electric base rate settlement allowed for an increase of \$1.1 million and the gas base rate settlement allowed for an increase of \$4.6 million to be phased in over two years. The first year increase totaled \$3.7 million effective 1 March 2020 with the remaining \$0.9 million increase effective 1 March 2021. Both settlements authorized a 9.7% ROE, reduced slightly from 9.8%, and an equity ratio of 52.45%, increased from 52.17%.

Unitil Energy Systems

On 2 April 2021, UES filed its most recent rate case with the NHPUC requesting a permanent base rate revenue increase of \$12 million. The proposed rate increase was based on a 10% ROE and 52.9% equity ratio. On 3 May 2022, the NHPUC filed an order approving a settlement authorizing a \$5.9 million revenue increase and a revenue decoupling mechanism. The approved settlement included a 9.2% ROE, down from 9.5%, and a 52% equity ratio, an increase from 50.97%.

Granite State Gas Transmission

GSGT's operations are an integral part of NU's operations and service territory, accounting for about 1% of Unitil's consolidated revenue. The company's long-term debt outstanding consists of \$15 million of notes due November 2027. The FERC regulated interstate natural gas transmission pipeline solely services NU's customer territory in New Hampshire and Maine. GSGT transports natural gas from hubs in the Haverhill, MA area and provides NU with interconnection to three pipelines including the Portland Natural Gas Transmission System, Maritimes and Northeast Pipeline, L.L.C., and the [Tennessee Gas Pipeline Company, L.L.C.](#) (Baa2 stable).

GSGT derives approximately 80% of its revenue from gas transportation services provided to investment grade rated LDCs, including 70% from NU, while the remaining 20% of revenue is from third-party gas marketing suppliers. GSGT is highly dependent on NU's growth for future growth projects. On 30 November 2020, FERC approved an uncontested rate settlement that resulted in an increase in annual revenue of roughly \$1.3 million, effective 1 November 2020. The settlement allowed for the filing of limited rate adjustments for capital cost projects eligible for cost recovery in 2021, 2022 and 2023. It also set a cap of about \$14.6 million on the capital costs recoverable under such filings throughout the term of the settlement. The settlement also provided that GSGT not file a general rate case before April 2024.

Consistent cash flow generation resulting in steady financial metrics

Because of the low-risk nature and predictable cash flow generation of its utilities, we expect Unital and the entire family of companies to sustain credit metrics that are supportive of their credit profiles. Over the last five years, Unital's CFO pre-WC averaged about \$105 million annually resulting in an average CFO pre-WC to debt ratio of about 17%. For the last twelve months ending 30 June 2023, CFO pre-WC was \$110.5 million with a ratio of 16.7%. We expect Unital to sustain this ratio in the high teens, ranging between 17% and 19%, over the next several years driven by consistent regulatory outcomes at its utilities.

UES' financial performance has historically been the strongest of all of the Unital subsidiaries because of its low risk T&D operations that produces consistent and predictable cash flow. However, because of the nominal size of its cash flow, at about \$30 million on average annually, the ratio is highly sensitive to any positive or negative swings in cash flow or debt. That said, the utility's CFO pre-WC to debt ratio, which typically is sustained above 20%, has fluctuated over the last several years from a low of 18% in 2019 to a high of 30% in 2022. The improvement in the ratio was due to credit supportive regulatory outcomes leading to stronger cash flow generation as well as lower debt levels and pension liabilities.

However, as of LTM 30 June 2023, UES' CFO pre-WC to debt ratio was about 19% due to higher short term debt to support the interim higher purchase power costs. Because we expect the utility to continue to benefit from credit supportive regulatory outcomes, we expect its financial performance will continue to produce strong credit metrics, including a CFO pre-WC to debt ratio in the low 20% range on average over the next several years.

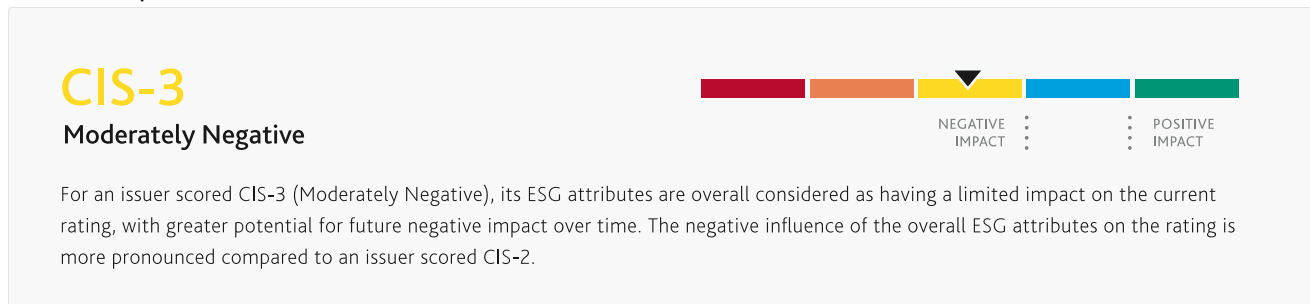
FGE and NU's credit metrics have been more consistent and we expected them to remain relatively stable because of predictable cash flow generation supported by constructive rate case outcomes. FGE's credit metrics improved over the last several years and we expect the utility to maintain a ratio of CFO pre-WC to debt of about 20%. NU's financial performance will also remain consistent with a ratio of CFO pre-WC to debt of about 17% over the next several years.

Similar to UES, GSGT's credit metrics are highly sensitive to nominal changes in its cash flow and debt levels, with FFO averaging about \$3 million annually. The pipeline's financial performance improved in recent years driven by a reduction in debt. In 2021, FFO to debt reached about 22% from a low of 14.3% in 2018. However, as of LTM ending 30 June 2023, the ratio was at 13.4% largely driven by higher short term debt to support its 2022 and 2023 capex program. The pipeline's last limited rate adjustment for capital costs took effect on 1 September 2023, which will support credit metric including an FFO to debt in the mid teens range over the longer-term.

ESG considerations

Unitil's ESG Credit Impact Score is CIS-3 (Moderately Negative)

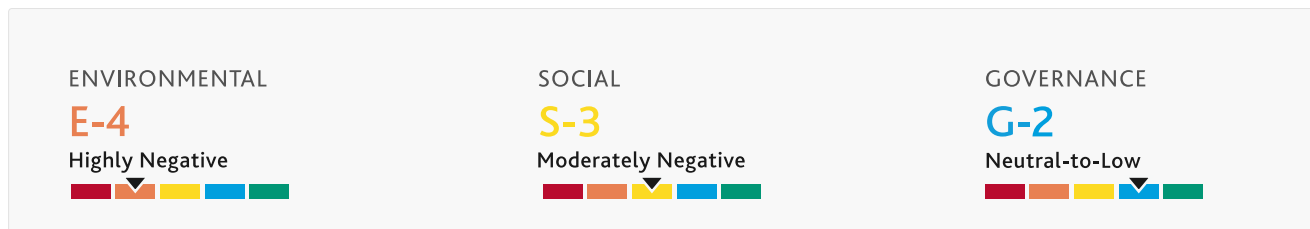
Exhibit 11
 ESG Credit Impact Score



Source: Moody's Investors Service

Unitil's **CIS-3** score indicates that ESG considerations have a limited impact on the current credit rating with greater potential for future negative impact over time. Physical climate risks and increased exposure to demographic and social trends, such as a less supportive regulatory environment and customer affordability concerns, could weaken credit quality over the long-term.

Exhibit 12
 ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

The **E-4** score reflects Unitil's high physical climate risk exposure associated with the potential for extreme weather events in its service territory, which is concentrated in the Northeast. These risks are offset by a neutral to low exposure to water management, waste and pollution and natural capital risks.

Social

Unitil's **S-3** score reflects the moderate risks associated with demographic and societal trends, as well as responsible production, associated to its LDC segment. These risks could increase public concerns over environmental, social or affordability issues and lead to adverse regulatory or political intervention. Despite these risks, Unitil has demonstrated its ability to sustain a strong relationship with its various regulators given the authorization of decoupling mechanisms as well as other cost recovery mechanisms over the last several years.

Governance

Unitil's **G-2** is broadly in line with other utilities and does not pose a particular risk. This is supported by neutral to low exposure to financial strategy and risk management and management credibility and track record risks.

ESG Issuer Profile Scores and Credit Impact Scores for Unitil are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for Unitil on MDC and view the ESG Scores section.

Liquidity Analysis

Unitil's adequate liquidity profile is principally supported by the upstreamed dividends from its group of regulated utilities and access to external liquidity sources. Consistent with historical periods, Unitil maintained a modest consolidated cash balance of \$7 million as of 30 June 2023. Dividend distributions from its subsidiaries are the primary source of cash flow and totaled \$27 million in 2022, which approximated Unitil's shareholder dividend distribution of \$25 million for the same period.

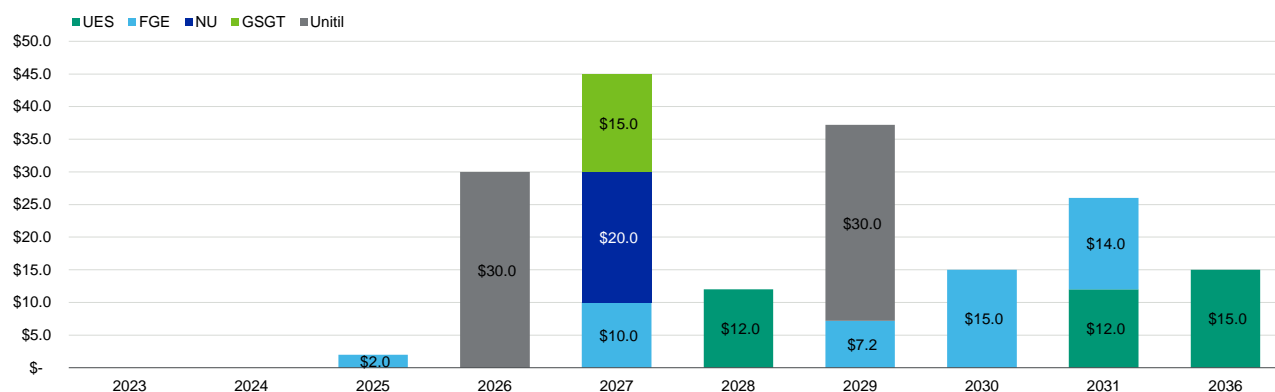
Unitil and all of its subsidiaries use a \$200 million joint revolving credit facility that expires in September 2027. The revolver includes a \$25 million sublimit for the issuance of standby letters of credit. The borrowing limit can be upsized by an additional \$75 million with lender approval. The credit agreement has one financial covenant that sets a maximum total debt to capitalization of 65% and is tested quarterly, which Unitil is in compliance with. In addition, borrowings under the facility are subject to a material adverse change clause, which is not a typical clause for revolving credit agreements of investment grade rated companies.

Unitil has historically used its short-term borrowings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 30 June 2023, Unitil had \$68.3 million available on the revolver, net of \$131.7 million of borrowings and no letters of credit outstanding. Although the subsidiaries have no short-term borrowing limits on the revolver, the New Hampshire regulator established annual borrowing limits for UES and NU of \$40 million and \$120.8 million, respectively. Unitil's board of directors establish annual borrowing limits of \$60 million for both UES and FGE, \$120 million for NU and \$25 million for GSGT.

Unitil's \$60 million of holding company debt includes unsecured notes due in August 2026 and December 2029 (see exhibit 13). The subsidiaries' nearest long-term debt maturity is \$2 million at FGE due in October 2025. We expect that Unitil will continue to fund the group's planned capital investments of about \$150 million annually through 2026 with a balanced mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility and long-term debt issuances.

Exhibit 13

Unitil and subsidiary debt maturities over the next 10 years



Debt as of 30 June 2023
 Source: Unitil Corp. Filing

Appendix

Exhibit 14

Unitil's Cash Flow and Credit Metrics [1]

CF Metrics	Dec-19	Dec-20	Dec-21	Dec-22	LTM Jun-23
As Adjusted					
FFO	95	96	108	115	121
+/- Other	0	4	3	2	-11
CFO Pre-WC	95	100	111	117	111
+/- ΔWC	13	-23	-1	-18	-21
CFO	108	77	110	99	90
- Div	22	23	24	25	26
- Capex	124	122	117	122	134
FCF	-38	-68	-30	-49	-70
(CFO Pre-W/C) / Debt	15.8%	14.7%	17.3%	17.9%	16.6%
(CFO Pre-W/C - Dividends) / Debt	12.1%	11.4%	13.6%	14.0%	12.7%
FFO / Debt	15.8%	14.1%	16.9%	17.6%	18.2%
RCF / Debt	12.1%	10.7%	13.2%	13.8%	14.4%
Revenue	438	419	473	563	595
Interest Expense	29	29	28	31	34
Net Income	34	33	39	39	40
Total Assets	1,369	1,476	1,540	1,589	1,594
Total Liabilities	1,003	1,088	1,092	1,122	1,111
Total Equity	366	388	449	466	483

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM=Last Twelve Months
 Source: Moody's Financial Metrics

Exhibit 15

Peer Comparison Table [1]

(In US millions)	Unitil Corporation Baa2 (Stable)			Avangrid, Inc. Baa2 (Stable)			NISource Inc. Baa2 (Stable)			DTE Energy Company Baa2 (Stable)		
	FYE	FYE	LTM	FYE	FYE	LTM	FYE	FYE	LTM	FYE	FYE	LTM
	Dec-21	Dec-22	Jun-23	Dec-21	Dec-22	Jun-23	Dec-21	Dec-22	Jun-23	Dec-22	Dec-22	Jun-23
Revenue	473	563	595	6,974	7,923	8,049	4,900	5,851	5,850	14,964	19,228	16,190
CFO Pre-W/C	111	117	111	1,526	1,448	1,362	1,411	1,580	1,566	3,085	2,344	2,843
Total Debt	640	652	666	9,119	9,765	10,873	10,306	11,815	12,925	18,382	20,100	20,601
CFO Pre-W/C + Interest / Interest	4.9x	4.7x	4.3x	5.4x	4.8x	4.2x	4.8x	5.0x	4.5x	5.8x	4.4x	4.8x
CFO Pre-W/C / Debt	17.3%	17.9%	16.6%	16.7%	14.8%	12.5%	13.7%	13.4%	12.1%	16.8%	11.7%	13.8%
CFO Pre-W/C - Dividends / Debt	13.6%	14.0%	12.7%	9.9%	7.7%	6.2%	10.1%	9.9%	8.7%	12.2%	8.2%	10.2%
Debt / Capitalization	52.6%	50.9%	50.5%	29.4%	30.2%	32.4%	54.8%	55.9%	58.1%	62.3%	60.7%	60.9%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
 Source: Moody's Financial Metrics

Rating Methodology and Scorecard Factors

Exhibit 16

Methodology Scorecard Factors

Unitil Corporation

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 6/30/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Framework (25%)				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.8x	A	4.8x-5.1x	A
b) CFO pre-WC / Debt (3 Year Avg)	18.1%	Baa	17%-19%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	14.3%	Baa	14%-15%	Baa
d) Debt / Capitalization (3 Year Avg)	52.2%	Baa	48%-51%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		A3
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Scorecard-Indicated Outcome		Baa2		Baa1
b) Actual Rating Assigned				Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.

[2] As of 06/30/2023(L);

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics

Exhibit 17

Methodology Scorecard Factors
 Unil Energy Systems, Inc. - Private

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 6/30/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Framework (25%)				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.4x	A	5.5x-6.0x	A
b) CFO pre-WC / Debt (3 Year Avg)	22.3%	A	21%-25%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	18.1%	A	17%-21%	A
d) Debt / Capitalization (3 Year Avg)	48.3%	A	42%-45%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Scorecard-Indicated Outcome		A3		A3
b) Actual Rating Assigned				Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.

[2] As of 06/30/2023(L);

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics

Exhibit 18

Methodology Scorecard Factors
 Northern Utilities, Inc - Private

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 6/30/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Framework (25%)				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.8x	A	4.7x - 5.1x	A
b) CFO pre-WC / Debt (3 Year Avg)	18.5%	Baa	17%-19%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	13.2%	Baa	13%-15%	Baa
d) Debt / Capitalization (3 Year Avg)	47.0%	A	48%-50%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Scorecard-Indicated Outcome		Baa1		A3
b) Actual Rating Assigned				Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.

[2] As of 06/30/2023(L);

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics

Exhibit 19

Methodology Scorecard Factors

Fitchburg Gas & Electric Light Company - Private

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 6/30/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Framework (25%)				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.4x	A	5.0x-5.5x	A
b) CFO pre-WC / Debt (3 Year Avg)	19.4%	A	18%-20%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	15.8%	A	16%-18%	A
d) Debt / Capitalization (3 Year Avg)	53.6%	Baa	48%-50%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Scorecard-Indicated Outcome		A3		A3
b) Actual Rating Assigned				Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.

[2] As of 06/30/2023(L);

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics

Exhibit 20

Methodology Scorecard Factors

Granite State Gas Transmission, Inc. - Private

Natural Gas Pipelines Industry Scorecard [1][2]	Current LTM 6/30/2023		Moody's 12-18 Month Forward View As of Date Published [3]	
	Measure	Score	Measure	Score
Factor 1 : Market Position (15%)				
a) Demand Growth	Baa	Baa	Baa	Baa
b) Competition	A	A	A	A
c) Volume Risk & Throughput Trend	Baa	Baa	Baa	Baa
Factor 2 : Quality of Supply Source (10%)				
a) Supply Source	Baa	Baa	Baa	Baa
Factor 3 : Contract Quality (30%)				
a) Firm Revenues	Baa	Baa	Baa	Baa
b) Contract Life	Baa	Baa	Baa	Baa
c) Shipper Quality / Recontracting Risk	Baa	Baa	Baa	Baa
Factor 4 : Financial Strength (45%)				
a) (FFO + Interest) / Interest	4.3x	Baa	4.8x-5.1x	Baa
b) FFO / Debt	13.4%	Ba	14%-17%	Baa
c) (FFO - Dividends) / Debt	9.1%	Ba	10%-12%	Ba
Rating:				
a) Scorecard-Indicated Outcome		Baa3		Baa2
b) Actual Rating Assigned				Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.

[2] As of 06/30/2023(L);

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics

Ratings

Exhibit 21

Category	Moody's Rating
UNITIL CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
FITCHBURG GAS & ELECTRIC LIGHT COMPANY	
Outlook	Stable
Issuer Rating	Baa1
UNITIL ENERGY SYSTEMS, INC.	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
GRANITE STATE GAS TRANSMISSION, INC.	
Outlook	Stable
Issuer Rating	Baa2
NORTHERN UTILITIES, INC.	
Outlook	Stable
Issuer Rating	Baa1

Source: Moody's Investors Service

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REPORT NUMBER 1377211

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-08

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Could Unutil Corporation or its subsidiaries have access to the proceeds of the proposed financing to Northern, possibly as an inter-company loan or other transaction(s)? If so, please explain why this should or should not be of concern to the New Hampshire Public Utilities Commission.

Response:

The proceeds of the proposed financing will be used to repay short-term debt, fund capital spending, and other general corporate purposes. Northern does not intend for the proceeds to be used to fund for an intercompany loan or other transaction.

If Northern was in a cash surplus then any excess cash would be available for use by other Unutil subsidiaries that are in a borrowing position through Unutil's Cash Pool Agreement. Northern would receive interest income for this lending if this were to occur. However, Northern does not anticipate being in a cash surplus after receiving the funds from this financing.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-09

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: April 5, 2024, filing

Will or could proceeds from the proposed financing be used to buy back Northern stock or other forms of equity?

If so, please explain why this should or should not be of concern to the Commission.

Response:

The proceeds will not be used to buy back Northern stock or other forms of equity. Northern is not a publicly traded company and 100% of its outstanding stock is carried at book value by Unitil Corporation. The proceeds will also not be used to repurchase outstanding shares of Unitil Corporation.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-10

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: April 5, 2024, filing

Please explain what the determining factors will be regarding the amount of the issuance of up to \$50 million. At this time, is Northern expecting to issue the full \$50 million?

Response:

Determining factors may include: updated projections to Northern's capital investment outlook, short-term debt levels, investor interest, the interest rate environment and capital market conditions. At this time the Company has not made a determination on issuance size.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-11

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

As of the date of responding to this Data Request, please state the amount of the various tranches the Company expects to issue, the coupon rate for each of the tranches based on the top range of the credit spreads indicated by the Placement Agents, and the average coupon rate for the total issuance. Please specify the date used to answer this question.

Response:

At this point in time the Company has not determined the expected tranche(s) or tenor(s). Based on materials provided by investment bankers the credit spread is expected to range from 120-160 basis points which combined with current treasury rates would result in a coupon of approximate 5.80% to 6.30%.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-12

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference:

DG 14-101, F-4 petition, Direct Testimony of David L. Chong, Bates p. 11, line 2
 DG 17-019, F-4 petition, Direct Testimony of David L. Chong, p. 8, line 5
 DG 19-090, F-4 petition, Direct Testimony of Todd R. Diggins, p. 7, line 15

In Northern's prior petitions to issue securities (up to \$50 million in DG 14-101, up to \$75 million in DG 17-019, and up to \$50 million in DG 19-090) the reported estimated cost of financing were \$505,000, \$537,500, and \$375,000 respectively.

Please compare the estimated and actual financing costs of those issuances and explain the factors that determine the estimated costs and the reasons they differ from one period to another.

Response:

The difference between financing costs is due to two reasons. First, the Underwriter fee which is a function of the underwriter's fee on a percentage basis and the financing amount. Second, legal and miscellaneous fees can vary from the Company's estimates.

The key differences from estimated cost and actual cost from period to period is a result of changes to the above variables.

The below table shows additional detail that determined the financing costs in the dockets mentioned in this request:

Docket	Actual				
	Financing Amount	Financing Cost	Underwriter Fee %	Underwriter Fee \$	Legal / Other
DG 14-101	\$ 50,000,000	\$ 482,981	0.80%	\$ 400,000	\$ 82,981
DG 17-019	\$ 50,000,000	\$ 370,880	0.45%	\$ 225,000	\$ 145,880
DG 19-090	\$ 40,000,000	\$ 235,399	0.35%	\$ 140,000	\$ 95,399

Docket	Estimate				
	Financing Amount	Financing Cost	Underwriter Fee %	Underwriter Fee \$	Legal / Other
DG 14-101	\$ 50,000,000	\$ 505,000	0.80%	\$ 400,000	\$ 105,000
DG 17-019	\$ 75,000,000	\$ 537,500	0.45%	\$ 337,500	\$ 200,000
DG 19-090	\$ 50,000,000	\$ 375,000	0.35%	\$ 175,000	\$ 200,000

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-13

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Please explain how Northern will account for the issuance costs.

Response:

Issuance costs will be amortized evenly over the life of the notes. Unamortized issuance costs will be held as a contra liability on the balance sheet, reducing the balance shown for long-term debt.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-14

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: April 5, 2024, filing

Please calculate the range of the expected coupon rate based on the Placement Agents indicative credit spreads.

Response:

Based on recent discussions with investment bankers, the expected coupon rate based on current market conditions would range between 5.80% and 6.30%.

Northern Utilities, Inc.
DG 24-059
F-4 Petition for Authority to Issue Securities
NH Department of Energy Data Requests - Set 1

Date Request Received: 4/22/24
Request No. DOE 1-15

Date of Response: 5/6/2024
Witness: Francoeur & Goulding

Request:

Reference: April 5, 2024, filing

How many investors participated in Northern's last three financing, how many offers were received and how many were accepted? How many investors does Northern anticipate will participate in this offering and does Northern expect to accept multiple offers?

Response:

2017 Financing: Eight investors bid on the offering and each were allocated a portion of the notes.

2019 Financing: Two investors bid on the offering and each were allocated a portion of the notes.

2020 Financing: Six investors bid on the offering and each were allocated a portion of the notes.

The Company anticipates at least a similar level of investors will participate as in 2017 and 2020. As a result of marketing this financing along side the Company's other utility affiliates the total offering is likely large enough to enable both existing and new investors to participate in the deal.