

Qualifications of Kenneth E. Traum

My name is Kenneth E. Traum. I am the Assistant Consumer Advocate for the Office of Consumer Advocate (OCA). My business address is 21 S. Fruit Street, Suite 18, Concord, New Hampshire 03301. I have been affiliated with the OCA for approximately eighteen (18) years.

I received a B.S. in Mathematics from the University of New Hampshire in June, 1971, and an MBA from the same University in June, 1973. Upon graduation, I first worked as an accountant/auditor for a private contractor and then for the New Hampshire State Council on Aging before going to the New Hampshire Public Utilities Commission (NHPUC) in February, 1976. At the NHPUC I started as an Accountant III, advanced to a PUC Examiner and later become Assistant Finance Director.

In my positions with the NHPUC, I was involved in all aspects of rate cases, assisted others in the preparation of testimony and presented direct testimony, conducted cross examination of witnesses, directed and participated in audits of utilities, and performed other duties as required. While employed at the NHPUC, I was a member of the NARUC Regulatory Studies Program at Michigan State.

In 1984, I left the NHPUC for Bay State Gas Company. With Bay State, I was involved in various aspects of financial analysis for Northern Utilities, Inc., Granite State Gas Transmission, Inc., and Bay State Gas Company, as well as regulatory activities with regard to Maine, New Hampshire, Massachusetts and the FERC.

In early 1986, I returned to New Hampshire to join the EnergyNorth companies, where my areas of responsibility included cash management, regulatory affairs, forecasting and other financial matters. While with EnergyNorth, I was a member of the New England Utility Rate Forum and the New England Gas Association. I also represented the utility, which is the largest natural gas utility in New Hampshire, over a two year period in the generic Commission docket (DE 86-208) which developed a methodology for conducting gas marginal cost studies.

In 1989 I joined the Office of Consumer Advocate with overall responsibility for advising the Consumer Advocate and its Advisory Board on all Financial, Accounting, Economic and Rate Design issues which arise in the course of utility ratemaking or cases concerning determinations of revenue responsibility, competition, mergers, acquisitions and supply/demand issues. I assist the Consumer Advocate and the OCA Advisory Board in formulating policy, and follow through to ensure that policy is implemented by the Office. In that role, I have testified before the NHPUC on many occasions. In early 2005, I was promoted to Assistant Consumer Advocate.

I am a member of the NASUCA (National Association of State Utility Consumer Advocates), Committees on Electricity and Gas. I am also Chairman of the Board of Directors for Granite State Independent Living as well as Co-Chair for their Finance Committee.

Qualifications of Stephen R. Eckberg

My name is Stephen R. Eckberg. I am employed as a Utility Analyst with the Office of Consumer Advocate (OCA), where I have worked since 2007. My business address is 21 S. Fruit Street, Suite 18, Concord, New Hampshire 03301.

I earned a B.S. in Meteorology from the State University of New York at Oswego in 1978, and an M.S. in Statistics from the University of Southern Maine in 1994.

After receiving my M.S. I was employed as an analyst in the Boston office of Hagler Bailly, Inc, a consulting firm working with regulated utilities to perform evaluations of energy efficiency and demand side management programs.

From 2000 - 2003 I was employed at the NH Governor's Office of Energy and Community Services (now the Office of Energy and Planning) as the Director of the Weatherization Assistance Program. Most recently, I was employed at Belknap-Merrimack Community Action as the Program Administrator of the NH Electric Assistance Program (EAP). In that capacity, I presented testimony before this Commission in dockets related to the design, implementation and management of the EAP. I have also testified before Committees of the New Hampshire Legislature on issues related to energy efficiency and low income electric assistance.

I am a member of the American Statistical Association. I have attended regulatory training at New Mexico State University's Center for Public Utilities and I participate in committees of the National Association of Consumer Advocates (NASUCA) on behalf of the OCA.

State of New Hampshire
Public Utilities Commission

DG 08-048
Attachment 3

Unitil Corporation
Docket No. DG 08-048
Response to New Hampshire Legal Assistance's
First Set of Information Requests

Data Request NHLA 1-6:

If Unitil plans to retain the above low income discount rates referenced in the preceding paragraph, does Unitil plan to make any modifications to these discount rates? If yes, please explain, and describe the changes and time frame for the same.

Response:

Unitil has no plans to propose any modifications to Northern Utilities' low income programs at this time, but will continue to evaluate these programs in consultation with Commission staff and other parties for possible improvements after the closing.

Person Responsible: George R. Gantz

Date: June 10, 2008

Unitil Corporation
Docket No. DG 08-048
Response to Oral Data Requests from Technical Session on 6-18-08

Oral Data Request 2-17: Please clarify (yes or no) the responses to NHLA 1-1 and 1-5, and indicate whether Unitil would agree to continue the referenced programs as a condition of the approval of the acquisition.

Response:

Confirming the response to NHLA 1-1: Yes, Unitil will continue the low income energy efficiency program currently offered by Northern Utilities.

Confirming the response to NHLA 1-5: Yes, Unitil will continue the low income discount rate programs currently offered by Northern Utilities.

Person Responsible: George R. Gantz

Date: June 23, 2008

State of New Hampshire
Public Utilities Commission

DG 08-048
Attachment 3

Unitil Corporation
Docket No. DG 08-048
Response to Oral Data Requests from Technical Session on 6-18-08

Oral Data Request 2-18: Please confirm Unitil's willingness to consider and discuss expansion of the programs referenced in NHLA 1-4 and 1-7.

Response:

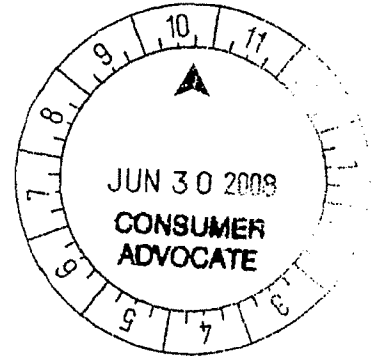
Unitil is willing to consider and discuss expansion of the low-income energy efficiency and discount rate programs referenced in NHLA 1-4 and 1-7 after the sale has been completed.

Person Responsible: George R. Gantz

Date: June 23, 2008



June 26, 2008



Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: **Northern Utilities, Inc., Docket No. DG 01-182 –May 2008 Service Quality Report**

Dear Ms. Howland:

Enclosed for filing on behalf of Northern Utilities, Inc. ("Northern" or the "Company") is the Company's May 2008 Service Quality Report ("Report") in compliance with the terms of its September 26, 2002 Rate Case Settlement Agreement ("Agreement"), as approved by the Commission in Order No. 24,075 (i.e., Northern Utilities, Inc., Docket No. DG 01-182 (2002)) ("Order").

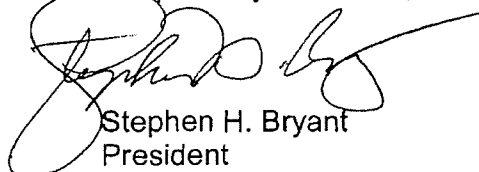
As set forth in the Agreement, this Report includes service quality-related information for the month of May 2008 ("Reporting Period"). Specifically, the Report provides a brief summary for each of the eight service quality measures, including a brief description of the measure and the results for the Reporting Period. Additionally, each summary, as applicable, references the respective attachments and appendices that contain the backup detail used to calculate the measure.

I am extremely pleased to inform you that the company met its goal on each measure this month and therefore, a penalty payment is not required.

Letter to Debra Howland
June 26, 2008
Page 2 of 2

Please contact me if you need any additional information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen H. Bryant", is written over the typed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Stephen H. Bryant
President

cc: Amanda Noonan, Director Consumer Affairs Division
Eileen Hadley, Consumer Division
Ken Traum, OCA

A. INTRODUCTION

This Service Quality Report ("Report") represents Northern Utilities – New Hampshire Division's ("Northern" or "Company" or "NUI-NH") compliance with the terms of its September 26, 2002 Rate Case Settlement Agreement ("Agreement"). The Agreement was signed by the Company, the New Hampshire Public Utilities Commission ("Commission") Staff, and the Office of the Consumer Advocate, and was subsequently approved by the Commission in Order No. 24,075 (i.e., Northern Utilities, Inc., Docket No. DG 01-182 (2002)) ("Order"). As set forth in the Agreement, this Report includes information related to its performance from May 1, 2008 through May 31, 2008. The Report also includes the service quality penalty calculation for this reporting period. See Order at 9.

This Report covers the following service quality ("SQ") measures:

- 1) 80 percent of all calls in any given month to the billing, service or credit queues will be answered within 30 seconds.
- 2) 90 percent of emergency calls received in any given month will be answered within 30 seconds.
- 3) No more than 2 percent of all calls, measured quarterly, to call center, or any other service center with the responsibility for responding to customer calls, shall encounter a busy signal or other busy indication.
- 4) In any given month, 95 percent of all mutually agreed upon appointments for service shall be met on the day scheduled. Customer initiated postponements shall not be included in this measurement.
- 5) 95 percent of complaints referred to the Company by the Commission Staff will be resolved to the satisfaction of the Commission Staff within 2 weeks.
- 6) Monthly average speed of answer for its billing, credit and service lines.
- 7) Monthly number of calls abandoned.
- 8) Monthly average time to abandon.

A summary of the SQ Measures and the results for May 2008 is contained in **Attachment A** to this Report.

Northern Utilities, Inc.
New Hampshire Division
DG 08-048
OCA Request Set No. 1
Response: 56
Responsible: Stephen H. Bryant,
President

Request: Northern files monthly Service Quality reports, the last filing of which was made on June 26, 2008 in Docket No. DG 01-182. Please provide the most recent 12 month average for the last three measures in the report (Monthly average speed of answer for billing, credit and service lines; Monthly number of calls abandoned; and Monthly average time to abandon).

Response: Please see Table OCA 1-56.

TABLE OCA 1-56

	Billing	Average Speed of Answer Service	Credit	Calls Abandoned	Average Time to Abandon
June '07	23	31	21	938	117
July '07	14	14	11	368	78
August '07	14	11	15	393	83
September '07	11	10	11	331	59
October '07	10	10	10	328	55
November '07	17	14	19	729	59
December '07	10	7	9	253	78
January '08	12	9	17	476	117
February '08	12	10	20	439	110
March '08	23	22	41	1058	163
April '08	39	30	49	1348	195
May '08	20	17	28	726	89
12 Month Average	17	15	21	616	100

I attest this response was prepared by me or under my direct supervision and control and is true and accurate as to the best of my information and belief at the date of filing.

State of New Hampshire
Public Utilities Commission

DG 08-048
Attachment 6

Unitil Corporation
Docket No. DG 08-048

Response to Office of Consumer Advocate First Set of Information Requests

Data Request OCA 1- 44: Please provide drafts of customer communications related to the proposed acquisition when available.

Response:

Both "pre" and "post" acquisition communications to NU customers is being addressed in the Transition Integration Process. Drafts of customer communications materials for Northern customers will be provided when available.

Person Responsible: George R. Gantz

Date: June 12, 2008

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Article published Jul 9, 2008

Unitil seeks more stock for gas acquisitions

Unitil Corp. last week asked its stockholders for permission to issue more stock to help finance the purchase of Northern Utilities Inc. and Granite State Gas Transmission from NiSource Inc.

The deal would pay off, says the Hampton-based utility, thanks to consolidation of operations and being more aggressive in applying for rate increases.

While Unitil doesn't need shareholders' approval to spend \$204 million for the purchase, it does plan to call a special meeting in Hampton at a yet-to-be-decided date and seek authorization to issue some 16 million shares of stock, twice the current number of shares, the company disclosed July 3 in a preliminary proxy for the stock offering. It intends to sell 4 million shares of that stock to pay for approximately half of the cash purchase and borrow the remainder. The extra stock could drive down the share price. But Unitil is still committed to the merger, so if shareholders voted down the proposal, the utility would be forced to use short-term "bridge capital" while it pursued other financing.

The \$160 million purchase - announced last February - would increase the company's assets by 51 percent, expand its customer base by 52,000 gas customers and 44 communities in Maine as well as the Seacoast of New Hampshire, resulting in a customer base of 167,000.

Unitil also will acquire a gas supply source from Granite State, diversifying the energy mix of what had been primarily an electric utility.

Unitil figures it will realize \$5.4 million in annual savings, and the company also hopes to improve operating earnings by "executing a consistent and well-structured regulatory plan" for Northern Utilities and Granite State "with a reasonable opportunity to earn their authorized rate of return."

According to Unitil, "Northern Utilities has not sought base rate relief since 1983 in Maine or since 2002 in New Hampshire."

The company, however, doesn't plan to reduce its workforce. Indeed, it estimates that it would add 40 new positions.

If the companies were together last year, it would have increased revenue from \$263 million to \$396 million, and net income from \$8.7 million to \$11.7 million, but because of more shares outstanding, earnings per share would have dropped from \$1.52 to \$1.30.

Those figures don't include \$1.2 million related to compliance violation penalties incurred by Northern Utilities in 2007. But Unitil might inherit more penalties going forward.

The Maine Public Utilities Commission's staff recommended a fine of \$5.9 million for

violations related to federal pipeline safety regulations. The utility is appealing to the full commission. And the New Hampshire PUC calculates that NU overcharged customers \$5.7 million thanks to a metering error by the Portland Natural Gas Transmission System. Northern Utilities said that it expects to collect that amount from PNGTS, but the details and timing still have to be worked out.

While the cash purchase price remains at \$160 million, the proxy discloses that the company would actually have to come up with some \$44 million more. The deal requires that Unitil pay NiSource for working capital, some \$37.7 million, as well as for various "transaction fees" connected to the merger -- \$6.6 million -- bringing the total to \$204 million

Still the deal is worth it, concluded RBC Capital Markets Corp., a financial adviser that assumed a desirable valuation of \$214 million given the purchase price.

But RBC is not a totally disinterested party. All but \$300,000 of the adviser's \$1.6 million fee would be paid only if Unitil and NiSource agree to and consummate the sale. And if the deal goes forward, RBC would act as lender, placement agent or underwriter in connection with both the debt and equity financing for the deal for an undisclosed fee.

Unitil's interest in Northern Utilities dates back at least until November 2006, when the electric utility and NiSource entered a confidentiality agreement to pursue a merger, but NiSource backed away at the time.

Eventually, however, NiSource contacted Blackstone Group to sell the subsidiary, and the courtship began anew in October 2007, with a top level due-diligence presentation shortly after Thanksgiving and an invitation for bids shortly before Christmas. All of it culminated, after some back and forth, with an agreement the day after Valentine's Day.

Both companies said they hoping to consummate the merger by the end of this year.

Unitil stock closed at \$26.98, up 45 cents. - BOB SANDERS/NEW HAMPSHIRE BUSINESS REVIEW

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State of New Hampshire
Public Utilities Commission

DG 08-048
Attachment 8

Unitil Corporation
Docket No. DG 08-048
Response to Oral Data Requests from Technical Session on 6-2-08

Oral Data Request 1-6: Please provide the ongoing revenue requirement calculations/analysis for NU.

Response:

Please refer to Oral Data Request 1-6, Attachment 1.

Person Responsible: Mark H. Collin

Date: June 9, 2008

Northern Utilities, Inc.
New Hampshire Division
Revenue Requirement Analysis
(in \$000)

Line No.		Northern Revenue Requirement per Form F-1 12/31/2007	Proforma Acquisition Synergies	(A) Proforma Revenue Requirement 12/31/2007	Proforma ADIT	(B) Proforma Revenue Requirement 12/31/2007	Proforma Cost of Capital	(C) Proforma Revenue Requirement 12/31/2007
1	Rate Base							
2	Utility Plant in Service	107,078		\$ 107,078		\$ 107,078		\$ 107,078
	Less:							
3	Reserve for Depreciation	37,578		37,578		37,578		37,578
4	Net Utility Plant in Service	\$ 69,500		\$ 69,500		\$ 69,500		\$ 69,500
	Add:							
5	Cash Working Capital	1,093		1,093		1,093		1,093
6	Materials & Supplies	474		474		474		474
7	Prepayments	540		540		540		540
8	Total Additions	2,107		2,107		2,107		2,107
	Deductions:							
9	Customer Deposits	729		729		729		729
10	Construction Contributions	324		324		324		324
11	Accum. Deferred Income Taxes	11,064		11,064	(11,064)	-		-
12	Total Deductions	12,117		12,117	(11,064)	1,053		1,053
13	Total Rate Base	\$ 59,490		\$ 59,490	\$ 11,064	\$ 70,564		\$ 70,564
14	Authorized Return on Rate Base (see Lines 33 and 37)	7.61%		7.61%	7.61%	15.23%	0.77%	15.99%
15	Target NOI	\$ 4,529		\$ 4,529	\$ 842	\$ 5,372	\$ 541	\$ 5,912
	Cost of Service							
17	Operating Revenues (Weather Norm)	\$ 69,646		\$ 69,646		\$ 69,646		\$ 69,646
18	Less: Purchased Gas	48,451		48,451		48,451		48,451
19	Base Revenue	21,195		21,195		21,195		21,195
20	O&M Expenses	9,815	(1,400)	8,415		8,415		8,415
21	Depreciation and Amortization	3,758		3,758		3,758		3,758
22	Taxes Other than Income	1,183		1,183		1,183		1,183
23	Income Taxes	2,147	567	2,714	(100)	2,615	(379)	2,236
24	Interest on Customer Deposits	55		55		55		55
25	Total Operating Expenses	16,955	(833)	16,122	(100)	16,023	(379)	15,644
26	Net Operating Income	\$ 4,240	\$ 833	\$ 5,073	\$ 100	\$ 5,172	\$ 379	\$ 5,551
27	Actual Return on Rate Base (NOIRB)	7.13%		8.53%		7.33%		7.87%
28	NOI Deficiency / (Excess)	\$ 289	\$ (833)	\$ (543)	\$ 743	\$ 200	\$ 162	\$ 361
29	Gross-up Factor (see Line 45)	1.6814	1.6814	1.6814	1.6814	1.6814	1.6814	1.6814
30	Revenue Deficiency / (Excess)	\$ 487	\$ (1,400)	\$ (913)	\$ 1,248	\$ 336	\$ 272	\$ 668

(A) Reflects estimated synergy savings - refer to Schedule LMB-3 Revised.

(B) Reflect (A) Revenue Requirement and the Section 338(h) election, which initially eliminates accumulated deferred income taxes.

(C) Reflects (B) Proforma Revenue Requirement and change from Northern's weighted average cost of capital post-acquisition

State of New Hampshire
Public Utilities Commission

DG 08-048
Attachment 9

Unitil Corporation
Docket No. DG 08-048
Response to Office of Consumer advocate First Set of Information Requests

Data Request OCA 1- 5: Please provide refinements of the estimate of synergy savings as they occur.

Response: Unitil will supplement this response with refinements of the estimate of synergy savings as they occur. To date, the synergies analysis contained in Brock Testimony has not been updated or refined.

Person Responsible: Laurence M. Brock

Date: May 23, 2008

State of New Hampshire
Public Utilities Commission

Unitil Corporation
Docket No. DG 08-048
Response to Oral Data Requests from Technical Session on 6-18-08

Oral Data Request 2-2: Provide an updated response to OCA 1-40 and OCA 1-41 when Unitil submits its completed Business Integration Plan, along with a recalculation of the synergy savings.

Response:

Unitil will supplement this response by providing an update to Schedule LMB-3, the calculation of estimated synergy savings, after the completion of the consolidated integration plan, which is scheduled to be completed at the end of June.

Person Responsible: Laurence M. Brock

Date: June 26, 2008