

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-8858

**UNITIL CORPORATION**

*(Exact name of registrant as specified in its charter)*

**New Hampshire**  
(State or other jurisdiction of  
incorporation or organization)

**02-0381573**  
(I.R.S. Employer Identification No.)

**6 Liberty Lane West, Hampton, New Hampshire**  
(Address of principal executive offices)

**03842-1720**  
(Zip Code)

**Registrant's telephone number, including area code: (603) 772-0775**

Securities registered pursuant to Section 12(b) of the Act:

**Title of Each Class**  
Common Stock, No Par Value

**Name of Exchange on Which Registered**  
American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-Kp is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K

Based on the closing price of March 1, 2001, the aggregate market value of common stock held by non-affiliates of the registrant was \$119,462,465.

The number of common shares outstanding of the registrant was 4,740,574 as of March 1, 2001.

**Documents Incorporated by Reference:**

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2001, are incorporated by reference into Part III of this Report.

**UNITIL CORPORATION**

**FORM 10-K**

**For the Fiscal Year Ended December 31, 2000**

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### PART I

#### Item 1. Business

#### THE UNITIL SYSTEM

Unitil Corporation (Unitil or the Company) was incorporated under the laws of the State of New Hampshire in 1984. Unitil is a registered public utility holding company under the Public Utility Holding Company Act of 1935 (the 1935 Act), and is the parent company of the Unitil System. The following companies are wholly owned subsidiaries of Unitil, which together make up the Unitil System:

Unitil Corporation Subsidiaries	State and Year of Organization	Principal Type of Business
Concord Electric Company (CECo)	NH - 1901	Retail Electric Distribution Utility
Exeter & Hampton Electric Company (E&H)	NH - 1908	Retail Electric Distribution Utility
Fitchburg Gas and Electric Light Company (FG&E)	MA - 1852	Retail Electric & Gas Distribution Utility
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Service Corp. (Unitil Service)	NH - 1984	System Service Company
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Energy Brokering, Marketing and Services
Usource, Inc.	NH - 2000	Energy Brokering, Marketing and Services
Usource L.L.C. (Usource)	NH - 2000	Energy Brokering, Marketing and Services

The Unitil System's principal business is the retail sale and distribution of electricity and related services in several cities and towns in the seacoast and capital city areas of New Hampshire, and both electricity and gas and related services in north central Massachusetts, through Unitil's three wholly owned retail distribution utility subsidiaries (CECo, E&H and FG&E, collectively referred to as the Retail Distribution Utilities). The Company's wholesale electric power utility subsidiary, Unitil Power Corp., principally provides all the electric power supply requirements to CECo and E&H for resale at retail.

Unitil has three additional wholly owned subsidiaries: Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and Unitil Resources, Inc. (Unitil Resources). Unitil Realty owns and manages the Company's corporate office building and property located in Hampton, New Hampshire and

leases this facility to Unitil Service under a long-term lease arrangement. Unitil Service provides, at cost, centralized management, administrative, accounting, financial, engineering, information systems, regulatory, planning, procurement, and other services to the Unitil System companies. Unitil Resources is the Company's wholly owned non-utility subsidiary and has been authorized by the Securities and Exchange Commission, pursuant to the rules and regulations of the 1935 Act, to engage in business transactions as a competitive marketer of electricity, gas and other energy commodities in wholesale and retail markets, and to provide energy brokering, consulting and management related services within the United States. Usource, Inc. is a wholly owned subsidiary of Unitil Resources, Inc. Usource L.L.C. (Usource) is a wholly owned subsidiary of Usource, Inc. Usource provides an internet-based energy brokering service, as well as various energy consulting and marketing activities.

During 1999 and 2000, Unitil acquired an approximate 9% interest in Enermetrix (formerly known as North American Power Brokers, Inc.), a privately held company providing Internet technology solutions to the energy industry. Unitil, through Unitil Resources, has licensed and deployed the Enermetrix Internet-based technology for electricity and natural gas sales between consumers and suppliers. Under the name Usource, Unitil Resources offers retail energy consumers the market benefits of energy supply bidding with the efficiency and cost benefits of e-commerce.

## **UTILITY OPERATIONS**

CECo is engaged principally in the distribution and sale of electricity at retail to approximately 27,400 customers in the City of Concord, which is the state capital, and twelve surrounding towns, all in New Hampshire. CECo's service area consists of approximately 240 square miles in the Merrimack River Valley of south central New Hampshire. The service area includes the City of Concord and major portions of the surrounding towns of Bow, Boscaawen, Canterbury, Chichester, Epsom, Salisbury and Webster, and limited areas in the towns of Allenstown, Dunbarton, Hopkinton, Loudon and Pembroke.

The State of New Hampshire's government operations are located within CECo's service area, including the executive, legislative, judicial branches and offices and facilities for all major state government services. In addition, CECo's service area is a retail trading center for the north central part of the state and has diversified businesses relating to insurance, printing, electronics, granite, belting, plastic yarns, furniture, machinery, sportswear and lumber. Of CECo's 2000 retail electric revenues, approximately 34% were derived from residential sales, 40% from commercial, government and nonmanufacturing sales, 25% from industrial/manufacturing sales and 1% from other sales.

E&H is engaged principally in the distribution and sale of electricity at retail to approximately 40,500 customers in the towns of Exeter and Hampton and in all or part of sixteen surrounding towns, all in New Hampshire. E&H's service area consists of approximately 168 square miles in southeastern New Hampshire. The service area includes all of the towns of Atkinson, Danville, East Kingston, Exeter, Hampton, Hampton Falls, Kensington, Kingston, Newton, Plaistow, Seabrook, South Hampton and Stratham, and portions of the towns of Derry, Brentwood, Greenland, Hampstead and North Hampton.

Commercial and industrial customers served by E&H are quite diversified and include retail stores, shopping centers, motels, farms, restaurants, apple orchards and office buildings, as well as manufacturing firms engaged in the production of sportswear, automobile parts and electronic components. It is estimated that there are over 150,000 daily summer visitors to E&H's territory, which includes several popular resort areas and beaches along the Atlantic Ocean. Of E&H's 2000 retail electric revenues, approximately 47% were derived from residential sales, 29% from commercial, government and nonmanufacturing sales, 21% from industrial/manufacturing sales and 3% from other sales.

FG&E is engaged principally in the distribution and sale of both electricity and natural gas in the City of Fitchburg and several surrounding communities. FG&E's service area encompasses approximately 170 square miles in north central Massachusetts.

Electricity is supplied and distributed by FG&E to approximately 26,100 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. FG&E's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and allied industries. Of FG&E's 2000 electric revenues, approximately 36% were derived from residential sales, 26% from commercial and nonmanufacturing sales, 30% from industrial/manufacturing sales and 8% from other sales.

Natural gas is supplied and distributed by FG&E to approximately 14,800 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Of FG&E's 2000 gas operating revenues, approximately 49% were derived from residential sales, 11% from small general customers, 19% from medium general customers, 6% from large general customers, 11% from interruptible sales (which are sales to customers that have agreed to discontinue use of the Company-supplied gas service temporarily upon notice by the Company, and which customers usually have an alternate fuel capability, e.g., fuel oil, that they can employ during the interruption periods) and 4% from other sales. FG&E's industrial gas revenue is primarily derived from firm sales to paper manufacturing and paper products companies, fabricated metal products manufacturers, rubber and plastics manufacturers, and primary iron.

Natural gas sales in New England are seasonal, and the Company's results of operations reflect this seasonal nature. Accordingly, results of operations are typically positively impacted by gas operations during the five heating season months from November through March of the following year. Electric sales in New England are far less seasonal than natural gas sales; however, the highest usage typically occurs in the summer and winter months due to air conditioning and heating requirements, respectively. The Unitil System is not dependent on a single customer or a few customers for its electric and gas sales.

(For details on the Unitil System's Results of Operations see Part II, Item 7 herein.)

(For segment information see Part II, Item 8, Footnote 11 herein.)

## **RATES AND REGULATION**

The Company is registered with the Securities and Exchange Commission (SEC) as a holding company under the 1935 Act, and it and its subsidiaries are subject to the provisions of the 1935 Act. Accordingly, the Securities and Exchange Commission (SEC) has jurisdiction over Unitil and its subsidiaries with respect to, among other things, securities issues, sales and acquisitions of securities and utility assets, intercompany loans, services performed by and for affiliated companies, certain accounts and records, and involvement in non utility operations. The Company and its subsidiaries, where applicable, are subject to regulation by the Federal Energy Regulatory Commission (FERC), the New Hampshire Public Utilities Commission (NHPUC) and the Massachusetts Department of Telecommunications and Energy (MDTE) with respect to rates, adequacy of service, issuance of securities, accounting and other matters. Unitil Power, as a wholesale utility, is subject to rate regulation by the FERC. Both CECo and

E&H, as retail electric utilities in New Hampshire, are subject to rate regulation by the NHPUC, and FG&E is subject to MDTE regulation with respect to gas and electric retail rates, and FERC regulation with respect to New England Power Pool (NEPOOL) interchanges and other wholesale sales of electricity.

**Current Rate Regulation** - The revenues of Unital's Retail Distribution Utilities are collected pursuant to rates on file with the NHPUC, the MDTE and, to a minor extent, the FERC. In general, the Retail Distribution Companies current retail rates are comprised of a base rate component, established during comprehensive base rate cases, and various periodic rate adjustment mechanisms, which track and reconcile particular expense elements with associated collected revenues. The last comprehensive regulatory proceedings to increase base electric rates for Unital's Retail Distribution Utilities were in 1985 for CECO, 1984 for FG&E, and 1981 for E&H. FG&E was granted its first Gas Base Rate adjustment in 14 years effective December 1, 1998. The majority of the Unital System's utility operating revenues are presently collected under various rate adjustment mechanisms, including revenues collected from customers for fuel, purchased power, cost of gas, transition costs and demand-side management program costs.

The Unital System Agreement (System Agreement), as approved by the FERC, governs wholesale sales by Unital Power to its New Hampshire retail distribution affiliates, CECO and E&H, and provides for recovery by Unital Power of all costs incurred in the provision of service. Unital Power has continued to adjust its wholesale rates every six months in accordance with the System Agreement, and CECO and E&H have continued to file corresponding semiannual changes in their retail fuel and purchased power adjustment clauses with the NHPUC which have been routinely approved.

The Massachusetts Electric Restructuring Law has changed the way FG&E provides service to its electric customers. Instead of supplying energy on demand to all its customers, FG&E delivers energy to its customers on behalf of competitive suppliers and will supply Standard Offer Service energy to customers who do not choose a competitive supplier and Default Service to new customers or those whose competitive supplier terminates. The result of these changes was the replacement of FG&E's quarterly filed electric fuel charge with: a) an annually determined Standard Offer Service charge and reconciliation adjustment mechanism; and b) a semi-annual determined Default Service charge and reconciliation adjustment mechanism, both of which are designed to allow FG&E to recover all its power supply costs. In addition FG&E has implemented a Transition Cost Charge and reconciliation adjustment mechanism enabling it to recover its stranded costs (See Massachusetts (Electric) in Regulatory Matters section).

FG&E's gas costs are recovered through a cost of gas adjustment (CGA) mechanism, through which firm gas customers pay the costs incurred for procuring and transporting gas to FG&E's local distribution system for delivery to customers.

**SFAS No. 71** - The Company accounts for all its regulated operations in accordance with Statement of Financial Accounting Standard ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation," requiring the Company to record the financial statement effects of the rate regulation to which the Company is currently subject. If a separable portion of the Company's business no longer meets SFAS No. 71, the Company is required to eliminate the financial statement effects of regulation for that portion. (See "Power Supply Divestiture" in Note 8 of the financial statements contained herein.)

## **REGULATORY MATTERS**

The Unital System of Companies is regulated by various federal and state agencies, including the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC), and state regulatory authorities with jurisdiction over the utility industry, including the New Hampshire Public Utilities Commission (NHPUC) and the Massachusetts Department of Telecommunications and Energy (MDTE). In recent years, there has been significant legislative and regulatory activity to introduce greater competition in the supply and sale of electricity and gas, while continuing to regulate the delivery and distribution operations of our utility subsidiaries.

Massachusetts enacted comprehensive electric utility industry restructuring in November 1997. Since March 1, 1998, all electric consumers in Massachusetts served by investor-owned utilities have had the ability to choose their electric energy supplier. FG&E, the Company's Massachusetts utility operating subsidiary, continues to implement its comprehensive electric restructuring plan and divestiture of its entire regulated power supply business, including its nuclear investment.

Since 1997, FG&E has worked in collaboration with the other Massachusetts gas distribution utilities and various other stakeholders to develop and implement the infrastructure to offer gas customers choice of their competitive gas energy supplier and to complete the restructuring of gas service provided by gas utilities. FG&E filed with the MDTE new gas tariffs to implement natural gas unbundling in accordance with Model Terms and Conditions resulting from these collaborative efforts. The MDTE issued an Order approving these tariffs and final regulations effective November 1, 2000.

In New Hampshire, CECO and E&H, our electric utility operating subsidiaries, and Unital Power Corp., our wholesale power company, continue to prepare for the transition that will move them into this new market structure, pending resolution of certain key restructuring policies and issues. The utility operating companies have also been active participants in the restructuring of the wholesale power market and transmission system in New England. Though retail competition in the sale of electricity has stalled throughout the region, new wholesale markets have been implemented in the New England Power Pool (NEPOOL) under the general supervision of an Independent System Operator (ISO).

**Massachusetts Electric Restructuring** - On January 15, 1999, the MDTE approved FG&E's restructuring plan with certain modifications. The Plan provides customers with: a) the ability to choose an energy supplier; b) an option to purchase Standard Offer Service provided by FG&E at regulated rates for up to seven years; and c) a cumulative 15% rate reduction adjusted for inflation. The Order also approved FG&E's power supply divestiture plan for its interest in three generating units and four long-term power supply contracts.

Pursuant to the Plan, on October 30, 1998, FG&E filed a proposed contract with Constellation Power Services Inc. for provision of Standard Offer Service. Constellation began to supply power under that contract on March 1, 1999, and is scheduled to continue through February 28, 2005. The award of this contract was the first successful Standard Offer auction conducted in Massachusetts.

A contract for the sale of FG&E's interest in the New Haven Harbor plant was approved by the MDTE on March 31, 1999, and the sale of the unit closed on April 14, 1999. A contract for the sale of the entire output from FG&E's remaining generating assets and purchased power contracts to Select Energy, Inc. was approved by the MDTE on December 28, 1999, and went into effect February 1, 2000.

On December 22, 1999, FG&E filed with the MDTE new rates for effect January 1, 2000. The revised rates maintain the required inflation-adjusted 15% rate discount. The MDTE approved the rates on January 5, 2000, subject to an examination of the Company's filing in which it reconciles its estimated and actual transition costs (the "reconciliation filing").

On February 2, 2000, the MDTE initiated a proceeding to examine FG&E's reconciliation filing and the consistency of the proposed charges and adjustments with the methods approved in FG&E's restructuring plan. The MDTE held four days of hearings in May 2000, and the Company presented testimony in support of its filing. As part of his review of FG&E's filing, the Massachusetts Attorney General has challenged FG&E's recovery of certain transition costs and other cost reconciliation calculations. Management is unable to determine the outcome of the MDTE proceedings. However, if an unfavorable outcome were to occur, there could be an adverse impact on the Company's consolidated financial position.

As a result of restructuring and divestiture of FG&E's generation and purchased power portfolio, FG&E has accelerated the write-off of its electric generation assets and its abandoned investment in Seabrook Station. The MDTE established the return to be earned on the unamortized balance of FG&E's generation plant, reducing FG&E's earnings on those assets. In 2000, Unital's earnings from this business segment represented approximately 16% of the earnings from utility operations. As this portfolio is amortized over the next 9 years, earnings from this segment of FG&E's utility business will continue to decline and ultimately cease.

On August 2, 2000, FG&E was the first electric company in Massachusetts to file for an increase in its Standard Offer Service rates pursuant to the Fuel Adjustment provision of its Standard Offer Service (SOS) tariff. This adjustment allows an increase in the SOS rate due to increases in the fuel prices of oil and natural gas. Any revenues received as a result of this adjustment are passed on to the Company's wholesale SOS provider. The MDTE suspended the filing for further review. Subsequently, other electric utility companies operating in Massachusetts made similar filings, and the MDTE instituted proceedings in each of those cases. On December 4, 2000, the MDTE issued an order for the utilities authorizing a "fixed" fuel adjustment, calculated based on the most recent 12 months of data. These adjustments took effect on January 1, 2001. FG&E's SOS rate increased from 3.8 cents/kWh to 5.121 cents/kWh. Unrecovered amounts to date will be recovered, subject to the rate reduction requirements of the Act.

In approving the new SOS rates, the MDTE also directed all electric distribution companies to file a report with the MDTE on their efforts to mitigate transition costs. On January 19, 2001, FG&E filed an extensive report detailing its mitigation activities, including contract restructurings, divestiture of its generating assets, and a variety of initiatives intended to reduce the burden of increasing energy prices on customers. While FG&E has substantially completed the divestiture of its generation assets, the Company continues to seek ways to reduce its transition costs and lower prices for customers.

On December 1, 2000, FG&E filed new electric rates for effect January 1, 2001. The revised rates maintain the required inflation-adjusted 15% rate discount. The MDTE approved final rates on December 29, 2000, subject to reconciliation pursuant to an investigation of actual and estimated transition costs, resulting in an upward inflation adjustment of 3.5% relative to 2000 rates.

New customers, and customers who previously opted to take electric supply service from a competitive provider, may purchase power through FG&E under Default Service. FG&E provides the Default Service through a third party supplier at market-based rates. The Company issued a Request for Proposals for Default Service in September 2000. FG&E awarded a contract and filed resulting rates which were approved effective for the period January through May 2001.

In June 2000, the MDTE opened an investigation into whether (1) metering, meter maintenance and testing, and customer billing and information services (MBIS) should be unbundled; and (2) the service territories of distribution companies should remain exclusive. On December 29, 2000, the MDTE issued its report recommending that the Legislature not take action to allow for the competitive provision of MBIS in the electric industry. The MDTE also concluded that exclusive service territories should remain intact.

**Massachusetts Gas Restructuring** - In mid-1997, the MDTE directed all Massachusetts natural gas Local Distribution Companies (LDCs) to form a collaborative with other stakeholders to develop common principles and appropriate regulations for the unbundling of gas service, and directed FG&E and four other LDCs to file unbundled gas rates for its review. FG&E's unbundled gas rates were filed with, and approved by, the MDTE and implemented in November 1998.

On February 1, 1999, the MDTE issued an order in which it determined that the LDCs would continue to have an obligation to provide gas supply and delivery services for another five years, with a review after three years. This order also set forth the MDTE's decision requiring mandatory assignment by LDCs of their pipeline capacity contracts to competitive marketers. In March 1999, the LDCs and other stakeholders filed a settlement with the MDTE, which set forth rules for implementing an interim firm transportation service through October 31, 2000. The MDTE approved the settlement on April 2, 1999. FG&E has made separate compliance filings that were approved by the MDTE to implement its interim firm gas transportation service for its largest general service customers and to complement this service with a firm gas peaking service. This interim service is now superseded by the permanent transportation service, which was approved for implementation on November 1, 2000.

On November 3, 1999, the Massachusetts LDCs filed Model Terms and Conditions for Gas Service, including provisions for capacity assignment, peaking service, and Default Service. In accordance with the MDTE's approval of these Model Terms and Conditions in January 2000, FG&E filed Company-specific tariffs that implement natural gas unbundling. The MDTE also opened a rulemaking proceeding on proposed regulations that would govern the unbundling of services related to the provision of natural gas. The MDTE has issued an order approving the tariffs and final regulations effective November 1, 2000.

**New Hampshire Electric Restructuring** - On February 28, 1997, the NHPUC issued its Final Plan for New Hampshire electric utilities to transition to a competitive electric market in the state (Final Plan). The Final Plan linked the interim recovery of stranded cost by the State's utilities to a comparison of their existing rates with the regional average utility rates. CECO's and E&H's rates are below the regional average; thus, the NHPUC found that CECO and E&H were entitled to full interim stranded cost recovery, as defined by the NHPUC. However, the NHPUC also made certain legal rulings which could affect CECO's and E&H's long-term ability to recover all of their stranded costs.

Northeast Utilities' affiliate Public Service Company of New Hampshire (PSNH) filed suit in U.S. District Court for protection from the Final Plan and related orders and was granted an indefinite stay. In June 1997, Unital, and other utilities in New Hampshire, intervened as plaintiffs in the federal court proceeding. In June 1998, the federal court clarified that the injunctions issued by the court in 1997 had effectively frozen the NHPUC's efforts to implement restructuring. This amended injunction was challenged by the NHPUC, and affirmed by the First Circuit Court of Appeals. Unital continues to be a plaintiff-intervenor in federal district court. Further court proceedings are pending final resolution of electric restructuring for PSNH.

Unital has continued to work actively to explore settlement options and to seek a fair and reasonable resolution of key restructuring policies and issues in New Hampshire. The Company is also monitoring the regulatory and legislative proceedings dealing with electric restructuring in the state. In October 2000, the NHPUC approved a settlement for the restructuring of PSNH. Appeals of the PSNH restructuring orders were denied by the New Hampshire Supreme Court and are now being pursued with the U.S. Supreme Court.

**Pending Rate Proceedings** - The last formal regulatory filings to increase base electric rates for Unital's three retail operating subsidiaries occurred in 1985 for CECO, 1984 for FG&E, and 1981 for E&H. A majority of the Company's operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, cost of gas, energy efficiency, and restructuring-related cost recovery mechanisms. Industry restructuring will continue to change the methods of how certain costs are recovered through the Company's regulated rates and tariffs.

As discussed above, FG&E filed for and received approval of an increase to its electric Standard Offer Service rate reflecting extraordinary increases in the price of oil and natural gas. FG&E also received an increase to its Cost of Gas Adjustment resulting in bill increases of approximately 25%, effective November 1, 2000. FG&E subsequently received another increase of approximately 20% to its Cost of Gas Adjustment for effect February 1, 2001. Wholesale natural gas prices reached record levels in New England and across the United States in response to cold weather and tight supplies. In New Hampshire, CECO and E&H filed and received approval of increases to their Fuel and Purchased Power Adjustments, resulting in bill increases of 25% to 34%, depending upon usage patterns, effective January 1, 2001. These higher fuel costs are a pass-through without markup or profit. Retail electricity prices for most New England utilities are increasing this winter.

On May 15, 1998, FG&E filed a gas base rate case with the MDTE. The last base rate case had been in 1984. After evidentiary hearings, the MDTE issued an Order allowing FG&E to establish new rates, effective November 30, 1998, which would produce an annual increase of approximately \$1.0

million in gas revenues. As part of the proceeding, the Massachusetts Attorney General alleged that FG&E had double-collected fuel inventory finance charges, and requested that the MDTE require FG&E to refund approximately \$1.6 million in double collections since 1987. The Company believes that the Attorney General's claim is without merit and that a refund was not justified or warranted. The MDTE rejected the Attorney General's request and stated its intent to open a separate proceeding to investigate the Attorney General's claim. On November 1, 1999, the MDTE issued an Order of Notice initiating an investigation of this matter. Hearings were held in early 2000 and were reopened in November 2000 to hear new evidence. Supplemental testimony has been filed and additional hearings were held in February 2001.

On October 29, 1999, the MDTE initiated a proceeding to implement Performance Based Rate making (PBR) for all electric and gas distribution utilities in Massachusetts. PBR is a method of setting regulated distribution rates that provide incentives for utilities to control costs while maintaining a high level of service quality. Under PBR, a company's earnings are tied to performance targets, and penalties can be imposed for deterioration of service quality. On December 29, 1999, FG&E filed a petition with the MDTE for authority to defer for later recovery costs associated with its preparation of a PBR filing for its gas division and its participation in the MDTE-initiated generic gas and electric PBR proceedings. This petition and the MDTE's generic proceeding are pending. The Company is currently evaluating the impact, if any, that PBR would have on the Company's ability to continue applying the standards of Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation."

On December 31, 1999, the Massachusetts Attorney General filed a complaint against FG&E requesting that the MDTE investigate the distribution rates, rate of return, and depreciation accrual rates for FG&E's electric operations in calendar year 1999. The MDTE opened a proceeding in November 2000, held a public hearing and procedural conference in December 2000, and subsequently issued a procedural schedule covering the period January through April 2001. Any order received from the MDTE would apply to the Company's rates prospectively and would not be retroactive. Management is unable to predict the outcome of this proceeding but an unfavorable result could have an adverse impact on the Company's consolidated financial position.

**Millstone Unit No. 3** - FG&E has a 0.217% nonoperating ownership in the Millstone Unit No. 3 (Millstone 3) nuclear generating unit which supplies it with 2.49 megawatts (MW) of electric capacity. In January 1996, the Nuclear Regulatory Commission (NRC) placed Millstone 3 on its Watch List, which calls for increased NRC inspection attention. In March 1996, as a result of engineering evaluations, Millstone 3 was taken out of service. The NRC authorized the restart of Millstone 3 in June 1998.

During the period that Millstone 3 was out of service, FG&E continued to incur its proportionate share of the unit's ongoing Operations and Maintenance (O&M) costs, and may incur additional O&M costs and capital expenditures to meet NRC requirements. FG&E also incurred costs to replace the power that was expected to be generated by the unit. During the outage, FG&E incurred approximately \$1.2 million in replacement power costs, and recovered those costs through its electric fuel charge, which is subject to review and reconciliation by the MDTE. Under existing MDTE precedent, FG&E's replacement power costs of \$1.2 million could be subject to disallowance in rates.

In August 1997, FG&E, in concert with other non-operating joint owners, filed a demand for arbitration in Connecticut and a lawsuit in Massachusetts, in an effort to recover costs associated with the extended unplanned shutdown. Several preliminary rulings have been issued in the arbitration and legal cases, and both cases are continuing. On March 22, 2000, FG&E entered into a settlement agreement with the defendants under which FG&E will dismiss its lawsuit and arbitration claims. The settlement is generally similar to earlier settlements with the defendants, and three joint owners that own, in the aggregate, approximately 19% of the unit. The settlement provides for FG&E to receive an initial payment of \$600,000 and other amounts contingent upon future events and would result in FG&E's entire interest in the unit being included in the auction of the majority interest, and certain of the minority interests, in Millstone 3, which is expected to be completed by 2001. Upon completion of the sale of Millstone 3, FG&E will be relieved of all residual liabilities, including decommissioning liabilities, associated with Millstone 3. FG&E expects to flow through the net proceeds of the settlement to its customers .

On September 8, 2000, Western Massachusetts Electric Company, New England Power Company, and FG&E together filed a Joint Petition requesting approval by the MDTE of the sale of their respective interests in Millstone Units 1, 2, and 3. The Companies also requested MDTE findings that the divested assets qualify as "eligible facilities" pursuant to Section 32 (c) of the Public Utility Holding Company Act of 1935. The MDTE approved the sale and certified the unit as an "eligible facility" on December 22, 2000. The parties to the sale transaction are currently awaiting other state and federal regulatory approvals for the final sale of the Millstone units.

## **ELECTRIC POWER SUPPLY**

**New England Power Pool** - FG&E, UPC, CECo, and E&H are members of the New England Power Pool (NEPOOL). NEPOOL was formed to assure reliable operation of the bulk power system in the most economic manner for the region. Under the NEPOOL Agreement and the Open Access Transmission Tariff ("OATT"), to which virtually all New England electric utilities are parties, substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. NEPOOL is governed by an agreement that is filed with the FERC and its provisions are subject to continuing FERC jurisdiction. The NEPOOL Agreement and the OATT imposes generating capacity and reserve obligations, provides for the use of major transmission facilities and payments associated therewith. The most notable benefits of NEPOOL are coordinated power system operation in a reliable manner and providing a supportive business environment for the development of a competitive electric marketplace.

There are ongoing legislative and regulatory initiatives that are primarily focused on the deregulation of the generation and supply of electricity and the corresponding development of a competitive market place from which customers could choose their electric energy supplier. As a result, the NEPOOL Agreement continues to be restructured. NEPOOL's membership provisions have been broadened to cover all entities engaged in the electricity business in New England, including power marketers and brokers, independent power producers, load aggregators and retail customers in states that have enacted retail access statutes. The regional bulk power system is operated by an independent corporate entity, ISO New England (ISO-NE), so that there is no opportunity for conflicting financial interests between the system operator and the market-driven participants. Various energy and capacity products are traded in open, competitive markets, with transmission access and pricing subject to a regional tariff (the OATT) designed to promote competition among power suppliers. On May 1, 1999, ISO-NE began dispatching generating units using a bid-based system and implemented bid-based markets for reserve products and automatic generation control.

**Energy Resources** - Since April 1, 1998, each electric utility is required to carry an allocated share of the NEPOOL capability responsibility under the NEPOOL Agreement. These capacity requirements are determined each month based on regional reliability criteria. Until Power Corp., the full requirements supplier to CECo and E&H, had an annual peak capability responsibility in November 2000 of 274.64 MW and a corresponding monthly peak demand of 184.44 MW. FG&E's capability responsibility has decreased substantially from a year ago due to a contract with Constellation Power Source for the Standard Offer Service Load within its distribution territory. FG&E's capability responsibility for November 2000 was 12.36 MW, with a corresponding monthly peak demand of 8.30 MW. Effective December 1, 2000, FG&E began serving Default Service Load through a six month contract wherein the Default Service supplier has the load serving obligation, thus at the end of 2000 FG&E had no direct capability responsibility. Under MDTE regulations, FG&E will continue to procure Default Service through a bid process every six to twelve months.

To meet the needs of CECo and E&H, Until Power Corp. has contracted for generating capacity and energy and for associated transmission services as needed to meet NEPOOL requirements and to provide a diverse and economical energy supply. Until Power's purchases are from various utility and non-utility generating units using a variety of fuels and from several utility systems in the U.S. and Canada as well as purchases in the spot

market. For the twelve months ended December 31, 2000, Unitil Power's energy needs were provided by the following fuel sources: nuclear (29%), oil (10%), gas (10%), coal (7%), refuse (4%), hydro (6%) and system (34%).

In 2000, FG&E met its capacity requirements through an all requirements Standard Offer contract with Constellation Power Source, a Default Service contract with Consolidated Edison Energy, Inc. in December, 2000, spot purchases, purchase power contracts and ownership interests in two generating units in which FG&E participates on a tenancy-in-common basis as a non-operating owner. FG&E's contract and jointly owned asset purchases are from various utility and non-utility generating units using a variety of fuels and from several utility systems in the U.S. and Canada. The power supply portfolio, including the joint ownership generation output, was sold to Select Energy, Inc. beginning February 1, 2000 as part of the power supply restructuring plan approved by the MDTE. For the twelve months ended December 31, 2000, FG&E's energy needs were met with a combination of output originating from the Standard Offer, all requirements service contract, the FG&E power portfolio for January 2000, spot and short-term purchase to cover Default Service needs from February through November and the Default Service all requirements contract in December. As a result of these purchases, FG&E's needs were met primarily by system power.

FG&E is participating, on a tenancy-in-common basis with other New England utilities, in the ownership of two generating units, Wyman 4 and Millstone 3. Wyman Unit No. 4 is an oil-fired station in Yarmouth Maine, which is operated by FPL Energy Maine, LLC as the majority owner, that has been in commercial operation since December 1978. Millstone Unit No. 3, a nuclear generating unit operated by Northeast Utilities, has been in commercial operation since April 1986. FG&E's ownership interest in Millstone 3 is scheduled to be sold during the first half of 2001. FG&E completed the sale of its principal generating asset, a 4.5% interest in New Haven Harbor Station, in March 1999. In accordance with Massachusetts Electric Restructuring Law, and pursuant to the power supply divestiture discussed in Note 8 of the Financial Statements, FG&E began selling the output from its generation units on February 1, 2000.

**Fuel - Oil:** Approximately 10% of UPC's electric power in 2000 was provided by oil-fired units. Most fuel oil used by New England electric utilities is acquired from foreign sources and is subject to interruption and price increases by foreign governments.

**Coal:** Approximately 7% of UPC's 2000 requirements were from coal-burning facilities. The facilities generally purchase their coal under long term supply agreements with prices tied to economic indices. Although coal is stored both on-site and by fuel suppliers, long term interruptions of coal supply may result in limitations in the production of power or fuel switching to oil and thus result in higher energy prices.

**Nuclear:** FG&E has a 0.217% ownership interest in Millstone Unit No. 3 (the Unit). The Unit has contracted for certain segments of the nuclear fuel production cycle through various dates. This cycle includes, among other things, mining, enrichment and disposal of used fuel.

Pursuant to the Nuclear Waste Policy Act of 1982, the participants in Millstone 3 were required to enter into contracts with the United States Department of Energy, prior to the operation of that Unit, for the transport and disposal of spent fuel at a nuclear waste repository. FG&E cannot predict whether the Federal government will be able to provide storage or permanent disposal repositories for spent fuel. FG&E's ownership interest is expected to be sold during the first half of 2001. The sales agreement and a separate settlement agreement with Northeast Utilities indemnifies FG&E from continuing liability associated with environmental, decommissioning and waste disposal associated with its Millstone 3 ownership.

## GAS SUPPLY

FG&E distributes gas purchased from domestic and Canadian suppliers under long term contracts as well as gas purchased from producers and marketers on the spot market. The following tables summarize actual gas purchases by source of supply and the cost of gas sold for the years 1998 through 2000.

### Sources of Gas Supply

(Expressed as percent of total MMBtu of gas purchased)

Natural Gas:	2000	1999	1998
Domestic firm	78.6%	75.4%	78.4%
Canadian firm	6.3%	6.4%	6.4%
Domestic spot market	13.2%	17.2%	14.5%
Total natural gas	98.1%	99.0%	99.3%
Supplemental gas	1.9%	1.0%	0.7%
Total gas purchases	100.0%	100.0%	100.0%

### Cost of Gas Sold

	2000	1999	1998
Cost of gas purchased and sold per MMBtu	\$5.19	\$3.42	\$3.36
Percent Increase (Decrease) from prior year	52.01%	1.74%	(14.08%)

As a supplement to pipeline natural gas, FG&E owns a propane air gas plant and a liquefied natural gas (LNG) storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

## ENVIRONMENTAL MATTERS

The Company continues to work with federal and state environmental agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. FG&E has proceeded with site remediation work as specified on the Tier 1B permit, which allows FG&E to work towards temporary remediation of the site.

In April 2000, FG&E applied for a Utility Related Abatement Measure (URAM) with the Massachusetts Department of Environmental Protection (DEP) to permit excavation work required to construct a new electric substation on FG&E's former MGP site at Sawyer Passway. The permit application was reviewed and approved by the Massachusetts DEP in May 2000. All work permitted under the provisions of the URAM was completed and a final report of closure was submitted to the DEP in December 2000.

Construction of the new highway bridge across Sawyer Passway began in October 2000. FG&E began fulfillment of obligations associated with the bridge construction as stipulated in a memorandum of understanding with the Massachusetts Highway Department and the Massachusetts DEP.

Upon completion of site remediation associated with the bridge construction, the last remaining portion of the Sawyer Passway MGP site is expected to be closed out and attain the status of temporary closure in late 2001. This temporary closure requires FG&E to monitor the site until a feasible permanent remediation alternative can be developed and completed.

The costs of remedial action at this site are initially funded from traditional sources of capital and recovered from customers under a rate recovery mechanism approved by the MDTE. The Company also has a number of liability insurance policies that may provide coverage for environmental remediation at this site.

## **CAPITAL REQUIREMENTS**

Cash Flows Used in Investing Activities increased approximately \$7.1 million in 2000, primarily reflecting cash proceeds of \$5.3 million received in 1999 from the sale of the Company's 4.5% interest in New Haven Harbor Station in 1999. Absent the effect of these 1999 sale proceeds, Cash Flows Used in Investing Activities increased \$1.8 million in 2000 compared to 1999, reflecting higher expenditures of \$2.8 million on distribution system additions and improvements and higher expenditures of \$2.4 million for Usource software development and computer hardware. These higher expenditures were offset by a decrease in investment activity related to Enermetrix in 2000, compared to 1999.

Capital expenditures are projected to decrease in 2001 to approximately \$18.5 million, primarily reflecting lower planned expenditures on the Company's non-regulated business activities.

## **FINANCING ACTIVITIES**

Cash Flows from Financing Activities increased by \$18.0 million in 2000 compared to 1999. This increase reflects a higher level of borrowing in 2000 versus 1999. During 2000, the Company used proceeds from short-term borrowings to fund a portion of its additions to Property, Plant, and Equipment; its non-regulated business activities; and a portion of its energy supply costs that exceeded amounts billed to customers via existing electricity and gas supply cost recovery mechanisms. This time lag between increases in energy costs and corresponding rate increases results in the Company incurring short-term debt to fund, on an interim basis, the Company's energy cost obligations.

At December 31, 2000, the Company had unsecured bank lines for short-term debt aggregating \$35,000,000 with three banks for which it pays commitment fees. At December 31, 2000, the unused portion of the credit lines outstanding was \$2,500,000. The average interest rates on all short-term borrowings were 6.57% and 5.72% during 2000 and 1999, respectively.

## **EMPLOYEES**

As of December 31, 2000, the Company and its subsidiaries had 339 full-time and part-time employees. The Company considers its relationship with its employees to be good and has not experienced any major labor disruptions since the early 1960's.

There are approximately 100 employees represented by labor unions. In 2000, E&H reached a new five-year pact with its employees covered by a collective bargaining agreement, which will expire effective May 31, 2005. In 2000, CECO reached a new five-year pact with its employees covered by a collective bargaining agreement, which will expire effective May 31, 2005. In 2000, FG&E reached a five-year pact with its employees covered by collective bargaining agreements, which will expire effective May 31, 2005. The agreements provided for discreet salary adjustments, established work practices and provided uniform benefit packages. The Company expects to successfully negotiate new agreements prior to the expiration dates of these contracts.

The Company and its subsidiaries, where applicable, have in force funded Retirement Plans and related Trust Agreements providing retirement annuities for participating employees at age 65. The Company's policy is to fund the pension cost accrued (see Note 9 of Notes to Consolidated Financial Statements contained in Part II, Item 8). The Company maintains two stock option plans, which provide for the granting of options to key employees, as follows: (see Note 2 of Notes to Consolidated Financial Statements contained in Part II, Item 8).

**Unitil Corporation Key Employee Stock Option Plan:** The "Unitil Corporation Key Employee Stock Option Plan" was a 10-year plan which began in March 1989. The number of shares granted under this plan, as well as the terms and conditions of each grant, were determined by the Board of Directors, subject to plan limitations. All options granted under this plan vested upon grant. The 10-year period in which options could be granted under this plan expired in March 1999. The expiration date of the remaining outstanding options is November 3, 2007. The plan provides dividend equivalents on options granted, which are recorded at fair value as compensation expense.

**Unitil Corporation 1998 Stock Option Plan:** The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998. The number of shares granted under this plan, as well as the terms and conditions of each grant, are determined by the Board of Directors, subject to plan limitations. All options granted under this plan vest over a three-year period from the date of the grant with 25% vesting on the first anniversary of the grant, 25% vesting on the second anniversary, and 50% vesting on the third anniversary. Under the terms of this plan, key employees may be granted options to purchase the Company's common stock at no less than 100% of the market price on the date the option is granted. All options must be exercised no later than 10 years after the date on which they were granted.

## **EXECUTIVE OFFICERS OF THE REGISTRANT**

The names, ages and positions of all of the executive officers of the Company as of March 1, 2001 are listed below, along with a brief account of their business experience during the past five years. All officers are elected annually by the Board of Directors at the Directors' first meeting following the annual meeting, which is held on the third Thursday in April, or at a special meeting held in lieu thereof. There are no family relationships among these officers, nor is there any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. Officers of the Company also hold various Director and Officer positions with subsidiary companies.

Name, Age and Position	Business Experience During Past 5 years
Robert G. Schoenberger, 50, Chairman of the Board of Directors and Chief Executive Officer	Mr. Schoenberger has been Chairman of the Board and Chief Executive Officer of Unitil since 1997. Prior to his employment with Unitil, Mr. Schoenberger was President and Chief Operating Officer at New York Power Authority (NYPA) from 1993 until 1997.
Michael J. Dalton, 60, President and Chief Operating Officer	Mr. Dalton has been a Director, President and Chief Operating Officer of the Company since its incorporation in 1984.
Anthony J. Baratta, Jr., 57, Senior Vice President And Chief Financial Officer	Mr. Baratta has been Senior Vice President and Chief Financial Officer of Unitil since 1998. Prior to his employment with Unitil, Mr. Baratta was Executive Vice President and Chief Financial Officer at New World Power Corporation.
Mark H. Collin, 42, Treasurer and Secretary and Vice President, Unitil Service	Mr. Collin was appointed Treasurer and Secretary in January 1998. Mr. Collin has been the System subsidiary Treasurer and Vice President of Unitil Service Corp. since 1992.
George R. Gantz, 49 Senior Vice President Business Development Unitil Service	Mr. Gantz has been Senior Vice President of Unitil Service since 1994.

## Item 2. Properties

CECo's distribution service center building and adjoining administration building, totaling 37,560 square feet of office, warehouse and garage area, are located on land in the City of Concord owned by CECo in fee. CECo's sixteen electric distribution substations constitute 114,290 kVA of capacity for the transformation of electric energy from the 34.5 kV transmission voltage to primary distribution voltage levels. The electric substations are, with one exception, located on land owned by CECo in fee. The sole exception is located on land occupied pursuant to a perpetual easement.

CECo has in excess of 34 pole miles of 34.5 kV electric transmission facilities located, with minor exceptions, either on land owned by CECo in fee or on land occupied pursuant to perpetual easements. CECo also has a total of approximately 649 pole miles of overhead electric distribution lines and a total of approximately 44 conduit bank miles (124 cable miles) of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by CECo without objection by the owners. In the case of certain distribution lines, CECo owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone and telegraph companies.

Additionally, CECo owns in fee 137.7 acres of land located on the east bank of the Merrimack River in the City of Concord. Of the total acreage, 81.2 acres are located within an industrial park zone, as specified in the zoning ordinances of the City of Concord.

The physical properties of CECo (with certain exceptions) and its franchises are subject to the lien of its Indenture of Mortgage and Deed of Trust, as supplemented, under which the respective series of First Mortgage Bonds of CECo are outstanding.

E&H's distribution and engineering service center building is located on land owned by E&H in fee. E&H's fourteen electric distribution substations, including a 5,000 kVA mobile substation, constitute 91,400 kVA of capacity for the transformation of electric energy from the 34.5 kV transmission voltage to primary distribution voltage levels. The electric substations are located on land owned by E&H in fee.

E&H has in excess of 68 pole miles of 34.5 kV electric transmission facilities located on land either owned or occupied pursuant to perpetual easements. E&H also has a total of approximately 744 pole miles of overhead electric distribution lines and a total of approximately 120 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by E&H without objection by the owners. In the case of certain distribution lines, E&H owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone and telegraph companies.

Certain physical properties of E&H and its franchises are subject to the lien of its Indenture of Mortgage and Deed of Trust, as supplemented, under which the respective series of First Mortgage Bonds of E&H are outstanding.

FG&E owns a liquid propane gas plant and a liquid natural gas plant, both of which are located on land owned in fee. FG&E is participating, on a tenancy-in-common basis with other New England utilities, in the ownership of two generating units. In accordance with Massachusetts Electric Restructuring Law, and pursuant to the power supply divestiture discussed in Note 8 of the Financial Statements, FG&E began selling the output from its generation units on February 1, 2000. At December 31, 2000, the electric properties of the Company consisted principally of 42 miles of transmission lines, 18 transmission and distribution substations, including two mobile substations of 18.75-kVA total capacity, constitute a total capacity of 475,650 kVA and 479.04 miles of distribution lines. Electric transmission facilities (including substations) and steel, cast iron and plastic gas mains owned by the Company are, with minor exceptions, located on land owned by the Company in fee or occupied pursuant to perpetual easements. The Company leases its service building. (See Business - Electric Power Supply and Gas Supply above for additional information regarding the Company's plants, facilities and gas mains and services.)

Unitil Realty owns the Company's corporate headquarters building and 12 acres of land in fee, which is located in the town of Hampton, New Hampshire. The Company believes that its facilities are currently adequate for its intended uses.

## Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. In the opinion of the Company's management, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position.

Item 4 Submission of Matters to a Vote of Security Holders

None

**PART II**

Item 5 Market for Registrant's Common Equity and Related Stockholder Matters

**Common Stock Data**

Dividends per Common Share	2000	1999
1st Quarter	\$0.345	\$0.345
2nd Quarter	\$0.345	\$0.345
3rd Quarter	\$0.345	\$0.345
4th Quarter	\$0.345	\$0.345
Total for Year	<u>\$1.38</u>	<u>\$1.38</u>

Price Range of Common Stock	2000 High/Ask	2000 Low/Bid	1999 High/Ask	1999 Low/Bid
1st Quarter	34 3/4	29 9/16	26 5/16	22 5/8
2nd Quarter	29 3/4	26	25 11/16	22
3rd Quarter	30 1/8	26 1/16	28 1/2	24 5/16
4th Quarter	28 3/4	25	37	23 1/4

Item 6. Selected Financial Data

	2000	1999	1998	1997	1996
<b>Consolidated Statements of Earnings (000's)</b>					
Operating Income	<b>\$14,280</b>	\$15,408	\$15,306	\$15,562	\$14,273
Non-operating Expense (Income)	<b>244</b>	51	156	160	(627)
Income Before Interest Expense	<b>14,036</b>	15,357	15,150	15,402	14,900
Interest Expense, Net	<b>6,820</b>	6,919	6,901	7,167	6,171
Net Income	<b>7,216</b>	8,438	8,249	8,235	8,729
Dividends on Preferred Stock	<b>263</b>	268	274	276	278
Net Income Applicable to Common Stock	<b>\$6,953</b>	\$8,170	\$7,975	\$7,959	\$8,451

**Balance Sheet Data (000's)**

Utility Plant (Original Cost)	<b>\$234,325</b>	\$219,838	\$209,462	\$219,475	\$207,545
Total Assets	<b>\$382,974</b>	\$363,527	\$376,835	\$238,531	\$232,108

**Capitalization and Short-Term Debt**

Common Stock Equity	<b>\$79,935</b>	\$78,675	\$75,351	\$71,644	\$67,974
Preferred Stock	<b>3,690</b>	3,757	3,843	3,891	3,891
Long-Term Debt	<b>81,695</b>	86,157	75,222	68,366	62,211
Total Capitalization	<b>\$165,320</b>	\$168,589	\$154,416	\$143,901	\$134,076

**Capitalization Ratios:**

Common Stock Equity	<b>48%</b>	47%	49%	50%	51%
Preferred Stock	<b>2%</b>	2%	2%	3%	3%
Long-Term Debt	<b>50%</b>	51%	49%	47%	46%

Short-term Notes Payable	<b>\$32,500</b>	\$10,500	\$20,000	\$18,000	\$21,400
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**Common Stock Data (000's)**

Shares of Common Stock - year-end	<b>1,725</b>	1,712	1,575	1,464	1,384
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Shares of Common Stock - year-end	<b>4,723</b>	4,682	4,506	4,413	4,354
<b>Per Share Data</b>					
Basic Earnings Per Average Share	<b>\$1.47</b>	\$1.74	\$1.77	\$1.80	\$1.94
Diluted Earnings Per Average Share	<b>\$1.47</b>	\$1.74	\$1.72	\$1.76	\$1.89
Dividends Paid Per Share - year-end	<b>\$1.38</b>	\$1.38	\$1.36	\$1.34	\$1.32
Book Value Per Share - year-end	<b>\$16.88</b>	\$16.70	\$16.47	\$16.05	\$15.50
<b>Electric and Gas Statistics</b>					
Electric Distribution Sales (MWH)	<b>1,587,536</b>	1,608,824	1,540,968	1,491,103	1,532,015
Electric Customers - year-end	<b>94,050</b>	92,505	91,729	90,776	89,149
Firm Gas Distribution Sales (000's of Therms)	<b>23,992</b>	22,136	22,027	23,716	24,508
Gas Customers - year-end	<b>14,796</b>	14,928	14,915	14,943	14,848

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### EARNINGS AND DIVIDENDS

Diluted Earnings per Share were \$1.47 for the year ended December 31, 2000, compared to \$1.74 and \$1.72 for the years ended 1999 and 1998, respectively. As shown in the table below, in 2000, utility operations contributed \$1.82 per share, while non-regulated operations lost \$0.35 per share related to planned start-up costs of the Company's e-commerce business, Usource. Contributing positively to the Company's utility operations earnings is a slight increase in distribution revenues, offset by higher Depreciation and Amortization and Nonoperating Expenses. The Usource loss was the result of planned expenditures for sales, marketing, and product development. In 1999, utility operations contributed \$1.84 per share, while Usource operations lost \$0.10 per share.

<b>Diluted Earnings per Share</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Utility Operations	\$1.82	\$1.84	\$1.72
Usource	(\$0.35)	(\$0.10)	-
Total Company	<b>\$1.47</b>	<b>\$1.74</b>	<b>\$1.72</b>

Net Income applicable to Common Stock for the year ended December 31, 2000, was \$7.0 million, compared to \$8.2 million and \$8.0 million for years ended 1999 and 1998, respectively. The average return on common equity was 8.8%, 10.6%, and 10.9% in 2000, 1999, and 1998, respectively. The lower net income and average return on common equity in 2000 primarily reflects the impact on current income of the Company's expenditures on Usource.

Unitil's annual common stock dividend in 2000 was \$1.38 per share. This annual dividend of \$1.38 in 2000 resulted in a payout ratio of 94% for the year. Excluding the loss from non-regulated operations, the payout was 76% on earnings from utility operations. At its January 2001 meeting, the Unitil Board of Directors declared a regular quarterly dividend on the Company's common stock of \$0.345 per share. This quarterly dividend reflects the current annual dividend rate of \$1.38 per share.

### THE YEAR IN REVIEW

In 2000, Unitil Corporation remained proactive in managing the challenges of industry restructuring and volatile energy markets, while pursuing opportunities in the e-commerce sector through our investment in Enermetrix and the companion start-up of Usource, our energy-related e-commerce marketplace. Our distribution companies continued to address the changing regulatory environment in Massachusetts and New Hampshire. At the same time, we have devoted significant resources to developing and implementing strategies to grow Usource and create future value for shareholders. The higher and more volatile energy prices experienced during 2000 resulted in higher commodity prices for our utility customers and lower-than-expected transaction volume for Usource.

Utility restructuring in Massachusetts continues to move forward. A significant development for our Massachusetts subsidiary, Fitchburg Gas & Electric Light Company (FG&E), was the settlement of its claims against Northeast Utilities (NU) for damages related to the shutdown of Millstone 3 Nuclear Unit (see Regulatory Matters, page 25). A major benefit of the settlement was the inclusion of FG&E's minority interest in the sale of Millstone 3 and the elimination of further decommissioning funding and liability for FG&E. The Millstone 3 sale, expected to be completed in 2001, is another step in the divestiture of FG&E's generation assets and marks the Company's exit from the nuclear power business. FG&E also filed with the Massachusetts Department of Telecommunications and Energy (MDTE) new gas tariffs to implement natural gas unbundling, which became effective November 1, 2000. The Company continues to monitor the regulatory and legislative proceedings dealing with electric restructuring in New Hampshire, and to develop plans for the transition to a competitive electric market.

The volatility of the wholesale energy markets for electric and natural gas energy commodities during 2000 resulted in increased electricity and gas supply costs to the Company and our customers. The energy costs incurred by the Company to procure electricity and natural gas on behalf of its customers are reconciled and recovered through regulated cost recovery adjustment mechanisms with no markup or profit margin. However, these increases in power and gas supply costs resulted in significantly higher working capital requirements and short-term borrowing in 2000, reflecting the inherent lag in the regulatory cost recovery process. By carefully tracking the energy markets, and obtaining timely decisions to adjust retail prices to match rising wholesale costs, Unitil has avoided the creation of a sustained gap between wholesale prices and retail rates. These rate adjustments have allowed the Company to begin recovering the higher energy supply costs from our customers, and to improve the Company's cash flow and credit position. At the same time, the Company has stepped up its efforts to reach out to its electric and gas customers with information about financial assistance, bill payment options, and energy conservation.

The volatile conditions in energy markets, particularly the significant increase in electricity and natural gas prices during the second half of the year, have also impacted Usource, resulting in evolving and expanded strategies. The Usource business model strategy calls for combining direct customer contact through its sales force and on-line e-commerce access (*usourceonline.com*) to provide a "Total Energy Solutions" approach for prospective customers. Our efforts during the second half of 2000 were focused on refining this strategy and accelerating technology to launch an updated version of the new platform in January 2001.

## USOURCE

In the fourth quarter of 1999, Unitil Corporation launched a new start-up business, Usource (*usourceonline.com*), with the mission to be "a national leader, through our Internet-based marketplace, in providing customers with choice and control over their energy procurement and with a portfolio of related products and services." The Usource business strategy is based on a very simple goal - to meet business customers' need of accessing and managing the increasingly tumultuous energy markets for electricity and natural gas procurement.

Through December 31, 2000, Usource recorded a net loss of \$1.7 million compared to a net loss of \$0.5 million for partial year 1999. The earnings per share impact of the Usource loss was \$0.35 compared to a loss of \$0.10 for the 1999 partial year of operations. Pursuant to brokerage activities in 2000, approximately 5.5 billion cubic feet of natural gas were delivered, which generated revenues of \$0.1 million.

Capital Expenditures related to Usource development totaled \$3.1 million in 2000, versus \$0.7 million in 1999. The \$3.1 million for 2000 includes \$2.8 million for software development and computer equipment and \$0.3 million for customer list acquisitions (see Note 11, Usource).

## OPERATING REVENUES-ELECTRIC

**Unit (kWh) Sales** - Unitil's total electric kilowatt-hour (kWh) sales decreased by 1.3% in 2000 compared to 1999. This decrease reflects the loss of a major customer that ceased operations in the second quarter of 2000, and a cooler-than-normal summer in 2000. Absent the loss of this major customer, total kWh sales in 2000 were flat compared to 1999. This primarily reflects continued growth in the number of customers served by the Company, offset by a cooler-than-normal summer season in 2000.

Sales to residential customers increased by 0.8% in 2000 compared to 1999, and were 6.5% higher than 1998 sales. The slight increase in energy sales in 2000, as compared to 1999, was due to a 1.4% increase in the number of residential customers that the Company serves, offset by lower usage of electricity for cooling purposes during the summer. This summer was cooler than normal. The 6.5% increase in 2000 as compared to 1998 is the result of a 2.5% increase in residential customers, as well as a colder winter heating season in 2000.

Commercial and Industrial sales of electricity were down 2.5% in 2000 compared to 1999, primarily related to the shutdown in June 2000, of a major customer. Exclusive of this customer, Commercial and Industrial sales were flat compared to the prior year, reflecting the cooler summer weather in 2000. 2000 sales were higher by 1.2% compared to 1998, reflecting a healthy regional economy offset by a reduction in sales to the customer discussed above.

The following table details total kilowatt-hour sales for the last three years by major customer class:

<b>kWh Sales (000's)</b>			
	<b>2000</b>	<b>1999</b>	<b>1998</b>
Residential	<b>576,524</b>	571,694	541,492
Commercial/Industrial	<b>1,011,012</b>	1,037,130	999,476
Total kWh Sales	<b>1,587,536</b>	1,608,824	1,540,968

**Electric Operating Revenue** increased by \$5.9 million, or 3.9%, in 2000 compared to 1999. This increase in revenue is a result of increased fuel and energy supply prices, offset by decreased sales volume. The energy component of electric operating revenue represents the recovery of energy supply costs, which are collected from customers through periodic cost recovery adjustment mechanisms. Changes in energy supply prices do not affect net income, as they normally mirror corresponding changes in energy supply costs. In addition, an approximate \$0.3 million decrease in revenue was recorded in the year 2000 related to an Order by the MDTE disallowing certain revenues associated with Conservation and Load Management programs subsequent to the March 1998 implementation of electric utility industry restructuring in Massachusetts.

The following table details total electric operating revenue for the last three years by major customer class:

<b>Electric Operating Revenue (000's)</b>			
	<b>2000</b>	<b>1999</b>	<b>1998</b>
Residential	<b>\$61,506</b>	\$58,415	\$57,242
Commercial/Industrial	<b>98,517</b>	95,662	92,397
Total Operating Revenue	<b>\$160,023</b>	\$154,077	\$149,639

## OPERATING REVENUES-GAS

**Unit (Therm) Sales** - Total firm therm gas sales increased 8.4% in 2000 when compared to 1999, due to a colder winter heating season compared to the prior year, coupled with higher sales volume, due to the Company's gas marketing initiatives. Total firm therm sales increased 8.9% in the two-year period from 1998 to 2000

The following table details total firm therm gas sales for the last three years, by major customer class:

<b>Firm Therm Sales (000's)</b>			
	<b>2000</b>	<b>1999</b>	<b>1998</b>

	2000	1999	1998
Residential	11,730	10,980	11,656
Commercial/Industrial	12,262	11,156	10,371
Total Firm Therm Sales	23,992	22,136	22,027

**Gas Operating Revenues**, which represent approximately 12% of Unitil's total operating revenues, increased by \$4.6 million, or 25.6%, in 2000 compared to 1999. This increase was attributable to higher unit sales, as well as increased gas supply prices.

The following table details total gas operating revenue for the last three years, by major customer class:

Gas Operating Revenue (000's)			
	2000	1999	1998
Residential	\$11,540	\$8,635	\$8,581
Commercial/Industrial	8,745	7,148	6,259
Total Firm Gas Revenue	20,285	15,783	14,840
Interruptible Gas Revenue	2,471	2,333	2,169
Total Gas Revenues	\$22,756	\$18,116	\$17,009

## OPERATING REVENUES-OTHER

**Other Revenue** was flat in 2000 compared to 1999. This was the result of a decrease in revenue generated from consulting activities, offset by an increase in revenues from the Company's e-commerce business, Usource.

## OPERATING EXPENSES

**Fuel and Purchased Power** expense is the cost of power supply, including fuel used in electric generation and the price of wholesale energy and capacity, that meets Unitil's electric energy requirements. Fuel and purchased power expenses, normally recoverable from customers through periodic cost recovery adjustment mechanisms, increased \$8.1 million, or 7.9%, in 2000 compared to 1999. The change was driven by an increase in wholesale power prices, as the nation experienced volatile markets and rising energy prices in 2000.

**Gas Purchased for Resale** reflects gas purchased and manufactured to supply the Company's total gas energy requirements. Gas supply costs are recoverable from customers through the Cost of Gas Adjustment mechanism. Purchased Gas costs increased by \$3.6 million or 36.9% in 2000 compared to 1999, reflecting an increase in therms purchased and significantly higher wholesale gas prices in 2000.

**Operation and Maintenance** expense includes electric and gas utility operating costs, and the operating cost of the Company's non-regulated business activities. Total Operating and Maintenance expense was relatively flat in 2000 compared to 1999. Utility Operations accounted for a net decrease of \$0.4 million, reflecting effective cost management and business process improvements. Usource Operating and Maintenance expense increased by \$0.6 million in 2000 compared to 1999, reflecting planned sales, marketing, and product development expenditures.

## DEPRECIATION, AMORTIZATION AND TAXES

**Depreciation and Amortization** expense increased \$0.6 million, or 4.8%, in 2000 compared to 1999, due to a higher level of Plant in Service and accelerated write-off of electric generating assets, due to electric utility industry restructuring in Massachusetts. The electric generating assets will be fully amortized in approximately nine years. In addition, the Company has incurred higher depreciation and amortization expenses related to Usource in 2000 compared to 1999.

**Federal and State Income Taxes** decreased by \$0.6 million, or 15.7%, in 2000 compared to 1999. This result reflects lower net income before taxes and a lower level of Investment Tax Credit amortization.

**Local Property and Other Taxes** decreased \$0.1 million, or 2.2%, in 2000 compared to 1999. This decrease was related to local property tax changes.

## INTEREST EXPENSE

**Interest Expense, Net** decreased \$0.1 million, or 1.4%, in 2000 compared to the prior year. Higher short-term borrowing rates and a higher level of debt outstanding were offset by an increase in accrued interest income associated with deferred rate recovery mechanisms.

## INVESTMENTS

During 1999 and 2000, Unitil acquired an approximate 9% equity interest in Enermetrix, formerly known as North American Power Brokers, Inc. The total investment is recorded "at cost" on the balance sheet as Other Property and Investments and is approximately \$5.4 million. Enermetrix is a privately held company that has been financed by four rounds of private equity capital. Unitil has participated in three of these rounds of financing. Enermetrix, a software provider and technology enabler, developed an Internet-based energy procurement bid system, the Enermetrix Network, that matches buyers and sellers of energy in competitive markets. Unitil is represented on the Enermetrix board of directors. Although the market value of the investment in Enermetrix stock is not readily determinable, management believes the fair value of this investment currently exceeds its cost.

## CAPITAL REQUIREMENTS AND LIQUIDITY

Unitil requires capital for the addition of property, plant, and equipment in order to improve, protect, maintain, and expand its electric and gas distribution systems, and to pursue its non-regulated business initiatives and opportunities. The capital necessary to meet these requirements has been derived primarily from the Company's retained earnings and sale of shares of common stock through the Company's Dividend Reinvestment and Stock Purchase plans. When internally generated funds are not available, it is the Company's policy to borrow funds on a short-term basis to meet the capital requirements of its subsidiaries and, when necessary, to repay short-term debt through the issuance of long-term debt financing.

**Cash Flows from Operating Activities** decreased by \$9.4 million in 2000, after increasing by \$5.1 million in 1999. The decrease in 2000 was primarily a result of higher levels of Accrued Revenues, due to higher energy costs not immediately collected from customers. Also contributing to the decrease were higher levels of Accounts Receivable and Deferred Taxes.

Cash Flows from Operating Activities have been negatively impacted by volatile energy markets. There is an inherent lag between the period when energy costs increase and the period when the Company is granted rate increases to offset those higher energy costs. This lag results in the Company having to pay its suppliers for the higher energy costs while collecting less than those costs from its customers. During the collection lag period, the Company's cash flow is negatively impacted and additional short-term borrowings are necessary.

<b>Operating Activities</b> (000's)	<b>2000</b>	<b>1999</b>	<b>1998</b>
Cash Provided by Operating Activities	<b>\$8,864</b>	\$18,308	\$13,215

**Cash Flows Used in Investing Activities** increased approximately \$7.1 million in 2000, primarily reflecting cash proceeds of \$5.3 million received in 1999 from the sale of the Company's 4.5% interest in New Haven Harbor Station in 1999. Absent the effect of these 1999 sale proceeds, Cash Flows Used in Investing Activities increased \$1.8 million in 2000 compared to 1999, reflecting higher expenditures of \$2.8 million on distribution system additions and improvements and higher expenditures of \$2.4 million for Usource software development and computer hardware. These higher expenditures were offset by a decrease in investment activity related to Enermetrix in 2000, compared to 1999.

Capital expenditures are projected to decrease in 2001 to approximately \$18.5 million, primarily reflecting lower planned expenditures on the Company's non-regulated business activities.

<b>Investing Activities</b> (000's)	<b>2000</b>	<b>1999</b>	<b>1998</b>
Cash Used in Investing Activities	<b>(\$22,249)</b>	(\$15,131)	(\$14,463)

**Cash Flows from Financing Activities** increased by \$18.0 million in 2000 compared to 1999. This increase reflects a higher level of borrowing in 2000 versus 1999. During 2000, the Company used proceeds from short-term borrowings to fund a portion of its additions to Property, Plant, and Equipment; its non-regulated business activities; and a portion of its energy supply costs that exceeded amounts billed to customers via existing electricity and gas supply cost recovery mechanisms. This time lag between increases in energy costs and corresponding rate increases, as discussed previously, results in the Company incurring short-term debt to fund, on an interim basis, the Company's energy cost obligations.

Concord Electric Company (CECo) and Exeter & Hampton Electric Company (E&H) received regulatory approval to increase fuel and purchased power rates as of January 1, 2001. FG&E received regulatory approval for an increase on November 1, 2000, in its Cost of Gas Adjustment Charge (CGAC), followed by a second increase on February 1, 2001. FG&E also received regulatory approval for an increase in its fuel index adjustment under its Standard Offer Service tariff to electric customers, effective on January 1, 2001. These rate increases are expected to ease the need for higher levels of short-term borrowings.

During 2000, the Company raised \$0.6 million of additional common equity capital through the issuance of 22,916 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase plans. No options were exercised in 2000 under the Company's Key Employee Stock Option Plan (KESOP).

<b>Financing Activities</b> (000's)	<b>2000</b>	<b>1999</b>	<b>1998</b>
Cash from Financing Activities	<b>\$13,598</b>	(\$4,413)	\$2,994

## REGULATORY MATTERS

The Unitil System of Companies is regulated by various federal and state agencies, including the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC), and state regulatory authorities with jurisdiction over the utility industry, including the New Hampshire Public Utilities Commission (NHPUC) and the Massachusetts Department of Telecommunications and Energy (MDTE). In recent years, there has been significant legislative and regulatory activity to introduce greater competition in the supply and sale of electricity and gas, while continuing to regulate the delivery and distribution operations of our utility subsidiaries.

Massachusetts enacted comprehensive electric utility industry restructuring in November 1997. Since March 1, 1998, all electric consumers in Massachusetts served by investor-owned utilities have had the ability to choose their electric energy supplier. FG&E, the Company's Massachusetts

utility operating subsidiary, continues to implement its comprehensive electric restructuring plan and divestiture of its entire regulated power supply business, including its nuclear investment.

Since 1997, FG&E has worked in collaboration with the other Massachusetts gas distribution utilities and various other stakeholders to develop and implement the infrastructure to offer gas customers choice of their competitive gas energy supplier and to complete the restructuring of gas service provided by gas utilities. FG&E filed with the MDTE new gas tariffs to implement natural gas unbundling in accordance with Model Terms and Conditions resulting from these collaborative efforts. The MDTE issued an Order approving these tariffs and final regulations effective November 1, 2000.

In New Hampshire, CECO and E&H, our electric utility operating subsidiaries, and Unitil Power Corp., our wholesale power company, continue to prepare for the transition that will move them into this new market structure, pending resolution of certain key restructuring policies and issues. The utility operating companies have also been active participants in the restructuring of the wholesale power market and transmission system in New England. Though retail competition in the sale of electricity has stalled throughout the region, new wholesale markets have been implemented in the New England Power Pool (NEPOOL) under the general supervision of an Independent System Operator (ISO).

**Massachusetts Electric Restructuring** - On January 15, 1999, the MDTE approved FG&E's restructuring plan with certain modifications. The Plan provides customers with: a) the ability to choose an energy supplier; b) an option to purchase Standard Offer Service provided by FG&E at regulated rates for up to seven years; and c) a cumulative 15% rate reduction adjusted for inflation. The Order also approved FG&E's power supply divestiture plan for its interest in three generating units and four long-term power supply contracts.

Pursuant to the Plan, on October 30, 1998, FG&E filed a proposed contract with Constellation Power Services Inc. for provision of Standard Offer Service. Constellation began to supply power under that contract on March 1, 1999, and is scheduled to continue through February 28, 2005. The award of this contract was the first successful Standard Offer auction conducted in Massachusetts.

A contract for the sale of FG&E's interest in the New Haven Harbor plant was approved by the MDTE on March 31, 1999, and the sale of the unit closed on April 14, 1999. A contract for the sale of the entire output from FG&E's remaining generating assets and purchased power contracts to Select Energy, Inc. was approved by the MDTE on December 28, 1999, and went into effect February 1, 2000.

On December 22, 1999, FG&E filed with the MDTE new rates for effect January 1, 2000. The revised rates maintain the required inflation-adjusted 15% rate discount. The MDTE approved the rates on January 5, 2000, subject to an examination of the Company's filing in which it reconciles its estimated and actual transition costs (the "reconciliation filing").

On February 2, 2000, the MDTE initiated a proceeding to examine FG&E's reconciliation filing and the consistency of the proposed charges and adjustments with the methods approved in FG&E's restructuring plan. The MDTE held four days of hearings in May 2000, and the Company presented testimony in support of its filing. As part of his review of FG&E's filing, the Massachusetts Attorney General has challenged FG&E's recovery of certain transition costs and other cost reconciliation calculations. Management is unable to determine the outcome of the MDTE proceedings. However, if an unfavorable outcome were to occur, there could be an adverse impact on the Company's consolidated financial position.

As a result of restructuring and divestiture of FG&E's generation and purchased power portfolio, FG&E has accelerated the write-off of its electric generation assets and its abandoned investment in Seabrook Station. The MDTE established the return to be earned on the unamortized balance of FG&E's generation plant, reducing FG&E's earnings on those assets. In 2000, Unitil's earnings from this business segment represented approximately 16% of the earnings from utility operations. As this portfolio is amortized over the next 9 years, earnings from this segment of FG&E's utility business will continue to decline and ultimately cease.

On August 2, 2000, FG&E was the first electric company in Massachusetts to file for an increase in its Standard Offer Service rates pursuant to the Fuel Adjustment provision of its Standard Offer Service (SOS) tariff. This adjustment allows an increase in the SOS rate due to increases in the fuel prices of oil and natural gas. Any revenues received as a result of this adjustment are passed on to the Company's wholesale SOS provider. The MDTE suspended the filing for further review. Subsequently, other electric utility companies operating in Massachusetts made similar filings, and the MDTE instituted proceedings in each of those cases. On December 4, 2000, the MDTE issued an order for the utilities authorizing a "fixed" fuel adjustment, calculated based on the most recent 12 months of data. These adjustments took effect on January 1, 2001. FG&E's SOS rate increased from 3.8 cents/kWh to 5.121 cents/kWh. Unrecovered amounts to date will be recovered, subject to the rate reduction requirements of the Act.

In approving the new SOS rates, the MDTE also directed all electric distribution companies to file a report with the MDTE on their efforts to mitigate transition costs. On January 19, 2001, FG&E filed an extensive report detailing its mitigation activities, including contract restructurings, divestiture of its generating assets, and a variety of initiatives intended to reduce the burden of increasing energy prices on customers. While FG&E has substantially completed the divestiture of its generation assets, the Company continues to seek ways to reduce its transition costs and lower prices for customers.

On December 1, 2000, FG&E filed new electric rates for effect January 1, 2001. The revised rates maintain the required inflation-adjusted 15% rate discount. The MDTE approved final rates on December 29, 2000, subject to reconciliation pursuant to an investigation of actual and estimated transition costs, resulting in an upward inflation adjustment of 3.5% relative to 2000 rates.

New customers, and customers who previously opted to take electric supply service from a competitive provider, may purchase power through FG&E under Default Service. FG&E provides the Default Service through a third party supplier at market-based rates. The Company issued a Request for Proposals for Default Service in September 2000. FG&E awarded a contract and filed resulting rates which were approved effective for the period January through May 2001.

In June 2000, the MDTE opened an investigation into whether (1) metering, meter maintenance and testing, and customer billing and information services (MBIS) should be unbundled; and (2) the service territories of distribution companies should remain exclusive. On December 29, 2000, the MDTE issued its report recommending that the Legislature not take action to allow for the competitive provision of MBIS in the electric industry. The MDTE also concluded that exclusive service territories should remain intact.

**Massachusetts Gas Restructuring** - In mid-1997, the MDTE directed all Massachusetts natural gas Local Distribution Companies (LDCs) to form a collaborative with other stakeholders to develop common principles and appropriate regulations for the unbundling of gas service, and directed FG&E and four other LDCs to file unbundled gas rates for its review. FG&E's unbundled gas rates were filed with, and approved by, the MDTE and implemented in November 1998.

On February 1, 1999, the MDTE issued an order in which it determined that the LDCs would continue to have an obligation to provide gas supply and delivery services for another five years, with a review after three years. This order also set forth the MDTE's decision requiring mandatory assignment by LDCs of their pipeline capacity contracts to competitive marketers. In March 1999, the LDCs and other stakeholders filed a settlement with the MDTE, which set forth rules for implementing an interim firm transportation service through October 31, 2000. The MDTE approved the settlement on April 2, 1999. FG&E has made separate compliance filings that were approved by the MDTE to implement its interim firm gas transportation service for its largest general service customers and to complement this service with a firm gas peaking service. This interim service is now superseded by the permanent transportation service, which was approved for implementation on November 1, 2000.

On November 3, 1999, the Massachusetts LDCs filed Model Terms and Conditions for Gas Service, including provisions for capacity assignment, peaking service, and Default Service. In accordance with the MDTE's approval of these Model Terms and Conditions in January 2000, FG&E filed Company-specific tariffs that implement natural gas unbundling. The MDTE also opened a rulemaking proceeding on proposed regulations that would govern the unbundling of services related to the provision of natural gas. The MDTE has issued an order approving the tariffs and final regulations effective November 1, 2000.

**New Hampshire Electric Restructuring** - On February 28, 1997, the NHPUC issued its Final Plan for New Hampshire electric utilities to transition to a competitive electric market in the state (Final Plan). The Final Plan linked the interim recovery of stranded cost by the State's utilities to a comparison of their existing rates with the regional average utility rates. CECO's and E&H's rates are below the regional average; thus, the NHPUC found that CECO and E&H were entitled to full interim stranded cost recovery, as defined by the NHPUC. However, the NHPUC also made certain legal rulings which could affect CECO's and E&H's long-term ability to recover all of their stranded costs.

Northeast Utilities' affiliate Public Service Company of New Hampshire (PSNH) filed suit in U.S. District Court for protection from the Final Plan and related orders and was granted an indefinite stay. In June 1997, Unutil, and other utilities in New Hampshire, intervened as plaintiffs in the federal court proceeding. In June 1998, the federal court clarified that the injunctions issued by the court in 1997 had effectively frozen the NHPUC's efforts to implement restructuring. This amended injunction has been challenged by the NHPUC, and affirmed by the First Circuit Court of Appeals. Unutil continues to be a plaintiff-intervenor in federal district court. Further court proceedings are pending final resolution of electric restructuring for PSNH.

Unutil has continued to work actively to explore settlement options and to seek a fair and reasonable resolution of key restructuring policies and issues in New Hampshire. The Company is also monitoring the regulatory and legislative proceedings dealing with electric restructuring in the state. In October 2000, the NHPUC approved a settlement for the restructuring of PSNH. Appeals of the PSNH restructuring orders were denied by the New Hampshire Supreme Court and are now being pursued with the U.S. Supreme Court.

**Pending Rate Proceedings** - The last formal regulatory filings to increase base electric rates for Unutil's three retail operating subsidiaries occurred in 1985 for CECO, 1984 for FG&E, and 1981 for E&H. A majority of the Company's operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, cost of gas, energy efficiency, and restructuring-related cost recovery mechanisms. Industry restructuring will continue to change the methods of how certain costs are recovered through the Company's regulated rates and tariffs.

As discussed above, FG&E filed for and received approval of an increase to its electric Standard Offer Service rate reflecting extraordinary increases in the price of oil and natural gas. FG&E also received an increase to its Cost of Gas Adjustment resulting in bill increases of approximately 25%, effective November 1, 2000. FG&E subsequently received another increase of approximately 20% to its Cost of Gas Adjustment for effect February 1, 2001. Wholesale natural gas prices reached record levels in New England and across the United States in response to cold weather and tight supplies. In New Hampshire, CECO and E&H filed and received approval of increases to their Fuel and Purchased Power Adjustments, resulting in bill increases of 25% to 34%, depending upon usage patterns, effective January 1, 2001. These higher fuel costs are a pass-through without markup or profit. Retail electricity prices for most New England utilities are increasing this winter.

On May 15, 1998, FG&E filed a gas base rate case with the MDTE. The last base rate case had been in 1984. After evidentiary hearings, the MDTE issued an Order allowing FG&E to establish new rates, effective November 30, 1998, that would produce an annual increase of approximately \$1.0 million in gas revenues. As part of the proceeding, the Massachusetts Attorney General alleged that FG&E had double-collected fuel inventory finance charges, and requested that the MDTE require FG&E to refund approximately \$1.6 million in double collections since 1987. The Company believes that the Attorney General's claim is without merit and that a refund was not justified or warranted. The MDTE rejected the Attorney General's request and stated its intent to open a separate proceeding to investigate the Attorney General's claim. On November 1, 1999, the MDTE issued an Order of Notice initiating an investigation of this matter. Hearings were held in early 2000 and were reopened in November 2000 to hear new evidence. Supplemental testimony has been filed and additional hearings were held in February 2001.

On October 29, 1999, the MDTE initiated a proceeding to implement Performance Based Rate making (PBR) for all electric and gas distribution utilities in Massachusetts. PBR is a method of setting regulated distribution rates that provide incentives for utilities to control costs while maintaining a high level of service quality. Under PBR, a company's earnings are tied to performance targets, and penalties can be imposed for deterioration of service quality. On December 29, 1999, FG&E filed a petition with the MDTE for authority to defer for later recovery costs associated with its preparation of a PBR filing for its gas division and its participation in the MDTE-initiated generic gas and electric PBR proceedings. This petition and the MDTE's generic proceeding are pending. The Company is currently evaluating the impact, if any, that PBR would have on the Company's ability to continue applying the standards of Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation."

On December 31, 1999, the Massachusetts Attorney General filed a complaint against FG&E requesting that the MDTE investigate the distribution rates, rate of return, and depreciation accrual rates for FG&E's electric operations in calendar year 1999. The MDTE opened a proceeding in November 2000, held a public hearing and procedural conference in December 2000, and subsequently issued a procedural schedule covering the period January through April 2001. Any order received from the MDTE would apply to the Company's rates prospectively and would not be retroactive. Management is unable to predict the outcome of this proceeding but an unfavorable result could have an adverse impact on the Company's consolidated financial position.

**Millstone Unit No. 3** - FG&E has a 0.217% nonoperating ownership in the Millstone Unit No. 3 (Millstone 3) nuclear generating unit which supplies it with 2.49 megawatts (MW) of electric capacity. In January 1996, the Nuclear Regulatory Commission (NRC) placed Millstone 3 on its Watch List, which calls for increased NRC inspection attention. In March 1996, as a result of engineering evaluations, Millstone 3 was taken out of service. The NRC authorized the restart of Millstone 3 in June 1998.

During the period that Millstone 3 was out of service, FG&E continued to incur its proportionate share of the unit's ongoing Operations and Maintenance (O&M) costs, and may incur additional O&M costs and capital expenditures to meet NRC requirements. FG&E also incurred costs to replace the power that was expected to be generated by the unit. During the outage, FG&E incurred approximately \$1.2 million in replacement power costs, and recovered those costs through its electric fuel charge, which is subject to review and reconciliation by the MDTE. Under existing MDTE precedent, FG&E's replacement power costs of \$1.2 million could be subject to disallowance in rates.

In August 1997, FG&E, in concert with other non-operating joint owners, filed a demand for arbitration in Connecticut and a lawsuit in Massachusetts, in an effort to recover costs associated with the extended unplanned shutdown. Several preliminary rulings have been issued in the arbitration and legal cases, and both cases are continuing. On March 22, 2000, FG&E entered into a settlement agreement with the defendants under which FG&E will dismiss its lawsuit and arbitration claims. The settlement is generally similar to earlier settlements with the defendants, and three joint owners that own, in the aggregate, approximately 19% of the unit. The settlement provides for FG&E to receive an initial payment of \$600,000 and other amounts contingent upon future events and would result in FG&E's entire interest in the unit being included in the auction of the majority interest, and certain of the minority interests, in Millstone 3, which is expected to be completed by 2001. Upon completion of the sale of Millstone 3, FG&E will be relieved of all residual liabilities, including decommissioning liabilities, associated with Millstone 3. FG&E expects to flow through the net proceeds of the settlement to its customers.

On September 8, 2000, Western Massachusetts Electric Company, New England Power Company, and FG&E together filed a Joint Petition requesting approval by the MDTE of the sale of their respective interests in Millstone Units 1, 2, and 3. The Companies also requested MDTE findings that the divested assets qualify as "eligible facilities" pursuant to Section 32 (c) of the Public Utility Holding Company Act of 1935. The MDTE

approved the sale and certified the unit as an "eligible facility" on December 22, 2000. The parties to the sale transaction are currently awaiting other state and federal regulatory approvals for the final sale of the Millstone units.

**Environmental Matters** - The Company continues to work with federal and state environmental agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. FG&E has proceeded with site remediation work as specified on the Tier 1B permit, which allows FG&E to work towards temporary remediation of the site.

In April 2000, FG&E applied for a Utility Related Abatement Measure (URAM) with the Massachusetts Department of Environmental Protection (DEP) to permit excavation work required to construct a new electric substation on FG&E's former MGP site at Sawyer Passway. The permit application was reviewed and approved by the Massachusetts DEP in May 2000. All work permitted under the provisions of the URAM was completed and a final report of closure was submitted to the DEP in December 2000.

Construction of the new highway bridge across Sawyer Passway began in October 2000. FG&E began fulfillment of obligations associated with the bridge construction as stipulated in a memorandum of understanding with the Massachusetts Highway Department and the Massachusetts DEP.

Upon completion of site remediation associated with the bridge construction, the last remaining portion of the Sawyer Passway MGP site is expected to be closed out and attain the status of temporary closure in late 2001. This temporary closure requires FG&E to monitor the site until a feasible permanent remediation alternative can be developed and completed.

The costs of remedial action at this site are initially funded from traditional sources of capital and recovered from customers under a rate recovery mechanism approved by the MDTE. The Company also has a number of liability insurance policies that may provide coverage for environmental remediation at this site.

**Market Risk** - Although Unital's utility operating companies are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of fuel and gas costs in rates. Consequently, there is limited commodity price risk after consideration of the related rate-making. As the utility industry deregulates, the Company will be divesting its commodity-related energy businesses and therefore will be further reducing its exposure to commodity-related risk.

## **FORWARD-LOOKING INFORMATION**

This report contains forward-looking statements which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to; variations in weather, changes in the regulatory environment, customers' preferences on energy sources, general economic conditions, increased competition and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of the Company.

### *Item 7A. Quantitative and Qualitative Disclosures about Market Risk*

Reference is made to the "Market Risk" section of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 27 (above).

### *Item 8. Financial Statements and Supplemental Data*

#### Report of Independent Certified Public Accountants

To the Shareholders of Unital Corporation:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Unital Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unital Corporation and subsidiaries as of December 31, 2000 and 1999, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

We have also audited Schedule II of Unital Corporation and subsidiaries as of December 31, 2000 and for the three years then ended included in Part IV Item 14(a)(2). In our opinion, the schedule presents fairly, in all material respects, the information required to be set forth therein.

Boston, Massachusetts

February 5, 2001

**CONSOLIDATED STATEMENTS OF EARNINGS***(000's, except common shares and per share data)*

Year Ended December 31,	2000	1999	1998
<b>Operating Revenues:</b>			
Electric	<b>\$160,023</b>	\$154,077	\$149,639
Gas	<b>22,756</b>	18,116	17,009
Other	<b>162</b>	180	30
Total Operating Revenues	<b>182,941</b>	172,373	166,678
<b>Operating Expenses:</b>			
Fuel and Purchased Power	<b>110,280</b>	102,171	98,589
Gas Purchased for Resale	<b>13,492</b>	9,854	9,874
Operation and Maintenance	<b>24,545</b>	24,404	23,652
Depreciation and Amortization	<b>11,964</b>	11,412	10,007
Provisions for Taxes:			
Local Property and Other	<b>4,967</b>	5,077	5,540
Federal and State Income	<b>3,413</b>	4,047	3,710
Total Operating Expenses	<b>168,661</b>	156,965	151,372
<b>Operating Income</b>	<b>14,280</b>	15,408	15,306
Non-Operating Expenses	<b>244</b>	51	156
<b>Income Before Interest Expense, Net</b>	<b>14,036</b>	15,357	15,150
Interest Expense, Net	<b>6,820</b>	6,919	6,901
<b>Net Income</b>	<b>7,216</b>	8,438	8,249
Less Dividends on Preferred Stock	<b>263</b>	268	274
<b>Net Income Applicable to Common Stock</b>	<b>\$6,953</b>	\$8,170	\$7,975
Average Common Shares Outstanding	<b>4,723,171</b>	4,682,273	4,505,784
Basic Earnings Per Share	<b>\$1.47</b>	\$1.74	\$1.77
Diluted Earnings Per Share	<b>\$1.47</b>	\$1.74	\$1.72

*(The accompanying Notes are an integral part of these financial statements.)***CONSOLIDATED BALANCE SHEETS** *(000's)***ASSETS**

December 31,	2000	1999
<b>Utility Plant:</b>		
Electric	<b>\$173,883</b>	\$161,767
Gas	<b>36,996</b>	34,031

Common	21,602	21,541
Construction Work in Progress	1,844	2,499
Utility Plant	234,325	219,838
Less: Accumulated Depreciation	71,036	66,429
Net Utility Plant	163,289	153,409
Other Property and Investments	8,740	5,051
<b>Current Assets:</b>		
Cash	3,060	2,847
Accounts Receivable - Less Allowance for Doubtful Accounts of \$596 and \$598	20,057	16,630
Refundable Taxes	1,980	1,419
Material and Supplies	2,854	2,503
Prepayments	1,317	713
Accrued Revenue	8,602	2,262
Total Current Assets	37,870	26,374
<b>Noncurrent Assets:</b>		
Regulatory Assets	137,470	143,470
Prepaid Pension Costs	9,996	9,119
Debt Issuance Costs	1,479	1,351
Other Noncurrent Assets	24,123	24,753
Total Noncurrent Assets	173,068	178,693
<b>TOTAL</b>	<b>\$382,967</b>	<b>\$363,527</b>

(The accompanying Notes are an integral part of these financial statements.)

## CONSOLIDATED BALANCE SHEETS (Cont.) (000'S)

### CAPITALIZATION AND LIABILITIES

December 31,	2000	1999
<b>Capitalization:</b>		
Common Stock Equity	\$79,935	\$78,675
Preferred Stock, Non-Redeemable, Non-Cumulative	225	225
Preferred Stock, Redeemable, Cumulative	3,465	3,532
Long-Term Debt, Less Current Portion	81,695	84,966
Total Capitalization	165,320	167,398
<b>Current Liabilities:</b>		
Long-Term Debt, Current Portion	3,207	1,191
Capitalized Leases, Current Portion	935	902
Accounts Payable	18,539	16,515
Short-Term Debt	32,500	10,500
Dividends Declared and Payable	209	220
Refundable Customer Deposits	1,252	1,302
Interest Payable	1,150	1,245
Other Current Liabilities	6,377	3,042
Total Current Liabilities	64,169	34,917
<b>Deferred Income Taxes</b>	<b>45,859</b>	<b>42,634</b>
<b>Noncurrent Liabilities:</b>		
Power Supply Contract Obligations	97,342	106,184
Capitalized Leases, Less Current Portion	3,259	3,860
Other Noncurrent Liabilities	7,018	8,534
Total Noncurrent Liabilities	107,619	118,578

**TOTAL****\$382,967****\$363,527***(The accompanying Notes are an integral part of these financial statements.)***CONSOLIDATED STATEMENTS OF CAPITALIZATION***(000's except number of shares and par value)*

December 31,	2000	1999
<b>Common Stock Equity</b>		
Common Stock, No Par Value (Authorized - 8,000,000 shares; Outstanding - 4,734,917 and 4,712,001 shares)	<b>\$40,991</b>	\$40,352
Stock Options	<b>376</b>	194
Retained Earnings	<b>38,568</b>	38,129
Total Common Stock Equity	<b>79,935</b>	78,675
<b>Preferred Stock</b>		
CECo Preferred Stock, Non-Redeemable, Non-Cumulative:		
6% Series, \$100 Par Value	<b>225</b>	225
CECo Preferred Stock, Redeemable, Cumulative:		
8.7% Series, \$100 Par Value	<b>215</b>	215
E&H Preferred Stock, Redeemable, Cumulative:		
5% Series, \$100 Par Value	<b>91</b>	91
6% Series, \$100 Par Value	<b>168</b>	168
8.75% Series, \$100 Par Value	<b>333</b>	333
8.25% Series, \$100 Par Value	<b>385</b>	385
FG&E Preferred Stock, Redeemable, Cumulative:		
5.125% Series, \$100 Par Value	<b>973</b>	987
8% Series, \$100 Par Value	<b>1,300</b>	1,353
Total Preferred Stock	<b>3,690</b>	3,757
<b>Long-Term Debt</b>		
CECo First Mortgage Bonds:		
Series I, 8.49%, Due October 14, 2024	<b>6,000</b>	6,000
Series J, 6.96%, Due September 1, 2028	<b>10,000</b>	10,000
E&H First Mortgage Bonds:		
Series K, 8.49%, Due October 14, 2024	<b>9,000</b>	9,000
Series L, 6.96%, Due September 1, 2028	<b>10,000</b>	10,000
FG&E Long-Term Notes:		
8.55% Notes due March 31, 2004	<b>12,000</b>	13,000
6.75% Notes due November 30, 2023	<b>19,000</b>	19,000
7.37% Notes due January 15, 2029	<b>12,000</b>	12,000
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes Due August 1, 2017	<b>6,902</b>	7,157
Total Long-Term Debt	<b>84,902</b>	86,157
Less: Long-Term Debt, Current Portion	<b>3,207</b>	1,191
Total Long-Term Debt, Less Current Portion	<b>81,695</b>	84,966
<b>Total Capitalization</b>	<b>\$165,320</b>	\$167,398

*(The accompanying Notes are an integral part of these financial statements.)***CONSOLIDATED STATEMENT OF CASH FLOWS** *(000's)*

Year Ended December 31,	2000	1999	1998
<b>Cash Flows from Operating Activities:</b>			
Net Income	<b>\$7,216</b>	\$8,438	\$8,249
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	<b>11,964</b>	11,412	10,007
Deferred Tax Provision	<b>3,522</b>	72	1,515
Amortization of Investment Tax Credit	<b>(256)</b>	(322)	(402)

Amortization of Debt Issuance Costs	61	60	61
Changes in Working Capital:			
Accounts Receivable	(3,427)	(631)	891
Materials and Supplies	(351)	459	(299)
Prepayments	(1,481)	(94)	(713)
Accrued Revenue	(6,340)	(1,087)	5,621
Accounts Payable	2,024	5,133	(3,352)
Refundable Customer Deposits	(50)	9	(894)
Taxes and Interest Payable	(656)	41	(748)
Other, net	(3,362)	(5,182)	(6,721)
Cash Provided by Operating Activities	<u>8,864</u>	<u>18,308</u>	<u>13,215</u>
<b>Cash Flows from Investing Activities:</b>			
Additions to Property, Plant and Equipment	(18,559)	(15,411)	(14,463)
Proceeds from the Sale of Electric Generation Assets		5,288	
Additions to Other Property and Investments	(3,690)	(5,008)	
Cash Used in Investing Activities	<u>(22,249)</u>	<u>(15,131)</u>	<u>(14,463)</u>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from (Repayment of) Short-Term Debt, net	22,000	(9,500)	2,000
Proceeds from Issuance of Long-Term Debt		12,000	20,000
Repayment of Long-Term Debt	(1,255)	(1,065)	(13,144)
Dividends Paid	(6,787)	(6,722)	(6,368)
Issuance of Common Stock	639	1,945	1,600
Retirement of Preferred Stock	(68)	(86)	(48)
Repayment of Capital Lease Obligations	(931)	(985)	(1,046)
Cash (Used In) Provided by Financing Activities	<u>13,598</u>	<u>(4,413)</u>	<u>2,994</u>
Net (Decrease) Increase in Cash	213	(1,236)	1,746
Cash at Beginning of Year	2,847	4,083	2,337
Cash at End of Year	<u>\$3,060</u>	<u>\$2,847</u>	<u>\$4,083</u>
<b>Supplemental Cash Flow Information:</b>			
Interest Paid	\$8,640	\$7,164	\$7,445
Federal Income Taxes Paid	\$350	\$4,018	\$2,490
<b>Supplemental Schedule of Noncash Activities:</b>			
Capital Leases Incurred	\$363	\$553	\$624

The Company recorded the estimated impact of the Order from the MDTE related to its electric Utility Restructuring Plan on December 31, 1998, and subsequently updated for actual amounts in 1999. The non-cash changes related to the Restructuring Plan are as follows:

(Decrease) Increase in Regulatory Assets	-	(23,504)	129,688
Decrease (Increase) in Power Supply Contract Obligations	-	23,504	(129,688)

*(The accompanying Notes are an integral part of these financial statements.)*

## **CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY**

*(000's except number of shares)*

	Common Shares	Deferred Stock Option Plan	Retained Earnings	Total
<b>Balance at January 1, 1998</b>	35,653	\$1,452	\$34,539	\$71,644
Net Income for 1998			8,249	8,249
Dividends on Preferred Shares			(274)	(274)
Dividends on Common Shares - at an Annual Rate of \$1.36 per Share			(6,113)	(6,113)
Stock Option Plan		245		245
Exercised Stock Options - 66,951 Shares	1,720	(1,154)		566
Issuance of 43,862 Common Shares (a)	1,034			1,034
<b>Balance at December 31, 1998</b>	<u>38,407</u>	<u>543</u>	<u>36,401</u>	<u>75,351</u>
Net Income for 1999			8,438	8,438
Dividends on Preferred Shares			(268)	(268)
Dividends on Common Shares - at an Annual Rate of \$1.38 per Share			(6,442)	(6,442)
Stock Option Plan		116		116
Exercised Stock Options - 109,753 Shares	2,543	(1,739)		804
Issuance of 27,619 Common Shares (a)	676			676

Effect of Termination of Stock Option Plan	(1,274)	1,274		-
<b>Balance at December 31, 1999</b>	<b>40,352</b>	<b>194</b>	<b>38,129</b>	<b>78,675</b>
Net Income for 2000			7,216	7,216
Dividends on Preferred Shares			(263)	(263)
Dividends on Common Shares - at an Annual Rate of \$1.38 per Share			(6,514)	(6,514)
Stock Option Plan		182		182
Issuance of 22,916 Common Shares (a)	639			639
<b>Balance at December 31, 2000</b>	<b>40,991</b>	<b>\$376</b>	<b>\$38,568</b>	<b>\$79,935</b>

(a) Shares sold and issued in connection with the Company's Dividend Reinvestment and Stock Purchase Plan and Employee 401(k) Tax Deferred Savings and Investment Plan (See Note 2).

*(The accompanying Notes are an integral part of these financial statements.)*

## Note 1: Summary of Significant Accounting Policies

**Nature of Operations** - Until Corporation (Until or the Company) is registered with the Securities and Exchange Commission (SEC) as a public utility holding company under the Public Utility Holding Company Act of 1935, and is the parent of the Unutil System (the System). The following companies are wholly owned subsidiaries of Unutil: Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H), Fitchburg Gas and Electric Light Company (FG&E), Unutil Power Corp. (UPC), Unutil Realty Corp. (URC), Unutil Service Corp. (USC), and its unregulated business unit Unutil Resources, Inc. (URI). Usource, Inc. and Usource L.L.C. (collectively Usource) are subsidiaries of Unutil Resources, Inc.

Until's principal business is the retail sale and distribution of electricity in New Hampshire and both electric and gas services in Massachusetts through its retail distribution subsidiaries CECo, E&H, and FG&E. The Company's wholesale electric power subsidiary, UPC, principally provides all the electric power supply requirements to CECo and E&H for resale at retail, and also engages in various other wholesale electric power services with affiliates and non-affiliates throughout the New England region. URI provides an Internet-based energy brokering business, Usource, as well as various energy consulting and marketing activities. Finally, URC and USC provide centralized facilities, operations and management services to support the Unutil System of Companies.

With respect to rates and accounting practices, CECo and E&H are subject to regulation by the New Hampshire Public Utilities Commission (NHPUC), FG&E is regulated by the Massachusetts Department of Telecommunications & Energy (MDTE), and CECo, E&H, UPC and FG&E are regulated by the Federal Energy Regulatory Commission (FERC).

The Company accounts for all its regulated operations in accordance with Statement of Financial Accounting Standard ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation," requiring the Company to record the financial statement effects of the rate regulation to which the Company is currently subject. If a separable portion of the Company's business no longer meets SFAS No. 71, the Company is required to eliminate the financial statement effects of regulation for that portion.

### Basis of Presentation

**Principles of Consolidation** - Unutil Corporation is the parent company of the Unutil System. The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** - The Company's operating subsidiaries record electric and gas operating revenues based upon the amount of electricity and gas delivered to customers through the end of the accounting period. Usource L.L.C. records energy brokering revenues based upon the amount of electricity and gas delivered to customers through the end of the accounting period.

**Other Property and Investments** - At December 31, 2000, Other Property and Investments includes the Company's investment in the stock of Enermetrix, which is recorded at its historical cost of \$5,413,000, comprised of \$5,117,000 of Enermetrix Convertible Preferred Stock and \$296,000 of Enermetrix Common Stock Warrants. Although the market value of the investment in Enermetrix stock is not readily determinable, management believes the fair value of this investment currently exceeds its carrying cost.

**Depreciation and Amortization** - Depreciation provisions for the Company's utility operating subsidiaries are determined on a group straight-line basis. Provisions for depreciation were equivalent to the following composite rates, based on the average depreciable property balances at the beginning and end of each year: 2000 - 3.74 percent; 1999 - 3.72 percent; and 1998 - 3.21 percent.

Amortization provisions include the recovery of a portion of FG&E's former investment in the Seabrook Nuclear Power Plant in rates to its customers through a Seabrook Amortization Surcharge as ordered by the MDTE. In addition, FG&E is amortizing electric generating related assets, in accordance with its electric restructuring plan approved by the MDTE (See Note 12).

**Federal Income Taxes** - Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured by applying tax rates applicable to the taxable years in which those differences are expected to reverse. The Tax Reduction Act of 1986 eliminated investment tax credits. Investment tax credits generated prior to 1986 are being amortized, for financial reporting purposes, over the productive lives of the related assets.

**Newly Issued Pronouncements** - In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. In June 1999, FASB issued Statement of Accounting Standards No. 137 (SFAS 137), "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133". This statement has delayed the effective date of SFAS 133 until fiscal years beginning after June 15, 2000. In June 2000, SFAS No. 133 was amended by Statement of Financial Accounting Standards No. 138 (SFAS 138), "Accounting for Derivative Instruments and Hedging Activities - and amendment of FASB Statement No. 133. Management does not expect the adoption of these statements to have a material impact on its financial position or results of operations.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 ("SAB No. 101"), "Revenue Recognition in Financial Statements." SAB No. 101 provides guidance on applying generally accepted accounting principles to revenue recognition, presentation and disclosure in financial statements. Subsequently, the SEC has amended the implementation dates so that the Company is required to adopt the provision of SAB No. 101 in the fourth quarter of 2000. Unutil has adopted SAB No. 101 and there is no impact on the results of operations or financial position.

**Reclassifications** - Certain amounts previously reported have been reclassified to conform to current year presentation.

## Note 2: Common Stock

**New Shares Issued** - During 2000, the Company raised \$639,000 of additional common equity capital through the issuance of 22,916 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase Plan. The Dividend Reinvestment and Stock Purchase Plan provides participants in the plan a method for investing cash dividends on the Company's Common Stock and cash payments in additional shares of the Company's Common Stock. In 1999, the Company raised \$676,000 of additional common equity capital through the issuance of 27,619 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase Plan and the Employee 401(k) Tax Deferred Savings and Investment Plan. The Employee 401(k) Tax Deferred Savings and Investment Plan is described in Note 9.

**Stock-Based Compensation Plans** - The Company maintains two stock option plans which provide for the granting of options to key employees, as follows:

**Unutil Corporation Key Employee Stock Option Plan:** The "Unutil Corporation Key Employee Stock Option Plan" was a ten year plan which began in March 1989. The number of shares granted under this plan, as well as the terms and conditions of each grant, were determined by the Board of Directors, subject to plan limitations. All options granted under this plan vested upon grant. The ten-year period in which options could be granted under this plan expired in March 1999. The expiration date of the remaining outstanding options is November 3, 2007. The plan provides dividend equivalents on options granted, which are recorded at fair value as compensation expense. The total compensation expenses recorded by the Company with respect to this plan were \$39,000, \$74,000 and \$245,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Share Option Activity of the "Unutil Corporation Key Employee Stock Option Plan" is presented in the following table:

	2000	1999	1998
Beginning Options Outstanding and Exercisable	27,976	134,741	191,365
Dividend Equivalents Earned	1,382	2,988	10,327
Options Exercised	----	(109,753)	(66,951)
Ending Options Outstanding and Exercisable	29,358	27,976	134,741
Range of Option Exercise Price per Share	\$12.11-\$18.28	\$12.11-\$18.28	\$12.11-\$18.28
Weighted Average Remaining Contractual Life	6.9	7.9	8.9

**Unutil Corporation 1998 Stock Option Plan:** The "Unutil Corporation 1998 Stock Option Plan" became effective on December 11, 1998. The number of shares granted under this plan, as well as the terms and conditions of each grant, are determined by the Board of Directors, subject to plan limitations. All options granted under this plan vest over a three-year period from the date of the grant with 25% vesting on the first anniversary of the grant, 25% vesting on the second anniversary and 50% vesting on the third anniversary. Under the terms of this plan, key employees may be granted options to purchase the Company's common stock at no less than 100% of the market price on the date the option is granted. All options must be exercised no later than ten years after the date on which they were granted. The total compensation expense recorded by the Company with respect to this plan was \$144,000 for the year ended December 31, 2000 and \$42,000 for the year ended December 31, 1999.

	2000		1999	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	62,000	\$23.38	----	----
Options Granted	55,000	\$32.18	62,000	\$23.38
Options Forfeited	(3,500)	\$23.38		
Ending Options Outstanding	113,500	\$27.64	62,000	\$23.38
Options Vested and Exercisable- end of year	14,625	\$23.38	----	----

The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock Based Compensation," and recognizes compensation costs at fair value at the date of grant.

The following summarizes certain data for options outstanding at December 31, 2000:

Range of Exercise Prices	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
\$23.38	58,500	\$23.38	8.2
\$32.13 - \$33.56	55,000	\$32.18	9.1

The weighted average fair value per share of options granted during 2000 and 1999 was \$7.13 and \$3.25, respectively. The fair value of options at the date of grant was estimated using the Black-Scholes model with the following weighted average assumptions:

	2000	1999	1998
Expected Life (Years)	10.0	10.0	None
Interest Rate	6.0%	6.0%	Granted
Volatility	22.3%	19.9%	
Dividend Yield	4.3%	5.9%	

**Restrictions on Retained Earnings** -Unitil Corporation has no restriction on the payment of common dividends from retained earnings. Its three retail distribution subsidiaries do have restrictions. Under the terms of the First Mortgage Bond Indentures, CECO and E&H had \$4,778,000 and \$4,400,000, respectively, available for the payment of cash dividends on their common stock at December 31, 2000. Under the terms of long-term debt Purchase Agreements, FG&E had \$10,382,000 of retained earnings available for the payment of cash dividends on its common stock at December 31, 2000.

### Note 3: Preferred Stock

Certain of the Unitil subsidiaries have redeemable Cumulative Preferred Stock outstanding and one subsidiary, CECO, has a Non-Redeemable, Non-Cumulative Preferred Stock issue outstanding. All such subsidiaries are required to offer to redeem annually a given number of shares of each series of Redeemable Cumulative Preferred Stock and to purchase such shares that shall have been tendered by holders of the respective stock. All such subsidiaries may redeem, at their option, the Redeemable Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable Cumulative Preferred Stock during 2000, 1999 and 1998 were \$67,500; \$86,300; and \$47,300, respectively. The aggregate amount of sinking fund requirements of the Redeemable Cumulative Preferred Stock for each of the five years following 2000 are \$206,000 per year.

### Note 4: Long-Term Debt

Certain of the Company's long-term debt agreements contain provisions which, among other things, limit the incursion of additional long-term debt.

Total aggregate amount of sinking fund payments relating to bond issues and normal scheduled long-term debt repayments amounted to \$1,255,000, \$1,065,000 and \$4,394,000 in 2000, 1999 and 1998, respectively.

The aggregate amount of bond sinking fund requirements and normal scheduled long-term debt repayments for each of the five years following 2000 is: 2001 - \$3,207,000; 2002 - \$3,225,000; 2003 - \$3,244,000; 2004 - \$3,264,000 and 2005 - \$286,000.

On January 26, 1999, FG&E sold \$12,000,000 of long-term notes at par to institutional investors, bearing an interest rate of 7.37%. Proceeds were used to repay short-term indebtedness, incurred to fund FG&E's ongoing construction program.

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. In management's opinion, the carrying value of the debt approximated its fair value at December 31, 2000 and 1999.

### Note 5: Credit Arrangements

At December 31, 2000, the Company had unsecured committed bank lines for short-term debt aggregating \$35,000,000 with three banks for which it pays commitment fees. At December 31, 2000, the unused portion of the committed credit lines outstanding was \$2,500,000. The average interest rates on all short-term borrowings were 6.57% and 5.72% during 2000 and 1999, respectively.

### Note 6: Leases

The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery and office equipment. FG&E has a facility lease for twenty-two years which began in February 1981. The lease allows five, five-year renewal periods at the option of FG&E. In addition, Unitil's subsidiaries lease some equipment under operating leases.

The following is a schedule of the leased property under capital leases by major classes:

Classes of Utility Plant (000's)	Asset Balances at December 31,	
	2000	1999
Common Plant	\$6,814	\$7,451
Less: Accumulated Depreciation	2,620	2,711
Net Plant	<u>\$4,194</u>	<u>\$4,740</u>

The following is a schedule by years of future minimum lease payments and present value of net minimum lease payments under capital leases as of December 31, 2000:

Year Ending December 31, (000's)	
2001	1,452
2002	1,357
2003	915

2004	427
2005	304
2006 - 2010	1,362
Total Minimum Lease Payments	\$5,817
Less: Amount Representing Interest	1,623
Present Value of Net Minimum Lease Payments	<u>\$4,194</u>

Total rental expense charged to operations for the years ended December 31, 2000, 1999 and 1998 amounted to \$21,000, \$103,000, and \$88,000, respectively. There are no material future operating lease payment obligations at December 31, 2000.

## Note 7: Income Taxes

Federal Income Taxes were provided for the following items for the years ended December 31, 2000, 1999 and 1998, respectively:

	2000	1999	1998
<b>Current Federal Tax Provision (000's):</b>			
Operating Income	<b>(\$9)</b>	\$3,492	\$2,221
Amortization of Investment Tax Credits	<b>(256)</b>	(322)	(402)
Total Current Federal Tax Provision	<b>(265)</b>	3,170	1,819
<b>Deferred Federal Tax Provision (000's)</b>			
Accelerated Tax Depreciation	<b>183</b>	132	488
Abandoned Properties	<b>(863)</b>	(794)	(656)
Allowance for Funds Used During Construction ("AFUDC") and Overheads	<b>(48)</b>	(53)	(58)
Post Retirement Benefits Other Than Pensions	<b>(29)</b>	(27)	(32)
Environmental Remediation	<b>(13)</b>	(15)	45
Accrued Revenue	<b>3,604</b>	1,624	1,042
Deferred Gas Rate Case Expense	<b>54</b>	(101)	283
Percentage Repair Allowance	<b>15</b>	3	115
Deferred Advances	<b>(106)</b>	(124)	(72)
Deferred Pensions	<b>275</b>	159	146
Electric and Gas Utility Restructuring Costs	<b>(186)</b>	273	---
Deferred Gain on Sale of New Haven Harbor	<b>125</b>	(1,437)	---
Other	<b>55</b>	425	(76)
Total Deferred Federal Tax Provision	<b>3,066</b>	65	1,225
<b>Total Federal Tax Provision</b>	<b>\$2,801</b>	\$3,235	\$3,044

The components of the Federal and State income tax provisions reflected in the accompanying consolidated statements of earnings for the years ended December 31, 2000, 1999 and 1998 were as follows:

<b>Federal and State Tax Provisions (000's)</b>	2000	1999	1998
<b>Federal</b>			
Current	<b>(\$9)</b>	\$3,492	\$2,221
Deferred	<b>3,066</b>	65	1,225
Amortization of Investment Tax Credits	<b>(256)</b>	(322)	(402)
Total Federal Tax Provision	<b>2,801</b>	3,235	3,044
<b>State</b>			
Current	<b>155</b>	805	377
Deferred	<b>457</b>	7	289
Total State Tax Provision	<b>612</b>	812	666
<b>Total Provision for Federal and State Income Taxes</b>	<b>\$3,413</b>	\$4,047	\$3,710

The differences between the Company's provisions for Federal Income Taxes and the provisions calculated at the statutory federal tax rate, expressed in percentages, are shown below:

	2000	1999	1998
Statutory Federal Income Tax Rate	<b>34%</b>	34%	34%
Income Tax Effects of:			
Investment Tax Credits	<b>(2)</b>	(2)	(3)
Abandoned Property	<b>(6)</b>	(7)	(6)
Other, Net	<b>2</b>	3	2
Effective Federal Income Tax Rate	<b>28%</b>	28%	27%

Temporary differences which gave rise to deferred tax assets and liabilities are shown below:

<b>Deferred Income Taxes (000's)</b>	2000	1999
Accelerated Depreciation	<b>\$24,519</b>	\$24,506

Abandoned Property	6,786	7,649
Contributions in Aid of Construction	(3,050)	(2,948)
Percentage Repair Allowance	1,956	1,923
Retirement Loss	2,820	2,640
Deferred Pensions	3,247	2,970
KESOP	(116)	(45)
Accumulated Deferred FAS 109 Tax Gross Up	3,129	3,170
Accrued Revenue	7,136	3,073
Investment Tax Credit	204	460
Gain on Sale of New Haven Harbor	(1,562)	(1,712)
Other	790	948
<b>Total Deferred Income Tax</b>	<b>\$45,859</b>	<b>\$42,634</b>

## Note 8: Energy Supply

### Massachusetts:

**Joint Owned Units** - FG&E is participating, on a tenancy-in-common basis with other New England utilities, in the ownership of two generating units. Wyman Unit No. 4 is an oil-fired station that has been in commercial operation since December 1978. Millstone Unit No. 3, a nuclear generating unit, has been in commercial operation since April 1986. FG&E completed the sale of its principal generating asset, a 4.5% interest in New Haven Harbor Station, in March 1999. Kilowatt-hour generation and operating expenses of the joint ownership units are divided on the same basis as ownership. FG&E's proportionate costs are reflected in the Consolidated Statements of Earnings. In accordance with Massachusetts Electric Restructuring Law, and pursuant to the power supply divestiture discussed below, FG&E began selling the output from their generation units on February 1, 2000. On December 22, 2000 the MDTE approved FG&E's request to sell its joint ownership share of Millstone Unit No. 3 to Dominion Resources, Inc. The sale is expected to be completed during the first half of 2001. Information with respect to FG&E's generation assets at December 31, 2000 is shown below:

Joint Ownership Units	State	Proportionate Ownership %	Share of Total MW	Company's Net Book Value (000's)
Millstone Unit No. 3	CT	0.2170	2.50	\$6,123
Wyman Unit No. 4	ME	0.1822	1.13	107
			<u>3.63</u>	<u>\$6,230</u>

**Purchased Power and Gas Supply Contracts** - FG&E has commitments under long-term contracts for the purchase of electricity and gas from various suppliers. Generally, these contracts are for fixed periods and require payment of demand and energy charges. Total costs under these contracts are included in Fuel and Purchased Power and Gas Purchased for Resale in the Consolidated Statements of Earnings. These costs are normally recoverable in revenues under various cost recovery mechanisms. In accordance with Massachusetts Electric Restructuring Law, and pursuant to the power supply divestiture discussed below, FG&E began selling the output from their power supply contracts on February 1, 2000. Information with respect to FG&E's electric purchased power contracts at December 31, 2000 is shown below:

Unit Fuel Type	Energy Entitlements	Contract End Date
Hydro	8 MW	2001
Hydro	3 MW	2012
Wood	14MW	2012

**Power Supply Divestiture** - In January 2000, the MDTE approved FG&E's agreement to sell the output from its remaining electric power generation portfolio to Select Energy, a subsidiary of Northeast Utilities. FG&E initiated its electric restructuring process, including the divestiture and sale of its power supply portfolio, in 1998, in response to the Massachusetts Electric Restructuring Law. Under the Select Energy contract, which went into effect February 1, 2000, FG&E began selling the output from its remaining power contracts and the output of its two minority interests in generation assets to Select Energy.

Under the Massachusetts Electric Restructuring Law, customers not purchasing electric power from competitive suppliers are eligible either for Standard Offer Service ("SOS") or for Default Service. Most of FG&E's customers are currently eligible for SOS service. On March 1, 1999, FG&E entered into a contract with Constellation Power Source to procure power needed to serve the SOS load. The contract will continue through February 28, 2005. The power required to meet Default Service is currently being procured through a six-month contract from Consolidated Edison Energy, Inc. In accordance with MDTE regulations, FG&E will conduct periodic Request for Proposals ("RFP") to procure Default Service at market prices. The next RFP will be used to procure Default Service effective June 1, 2001.

FG&E has been allowed recovery of its transition costs, including the above-market or stranded generation and power-supply related costs, via a non-bypassable uniform Transition Charge. The recoverable transition cost which have been recorded on FG&E's balance sheet as Regulatory Assets, include \$97,342,000 of purchased power contracts and \$6,020,000 of stranded generation assets and other adjustments related to the restructuring process.

As a result of the Order by the MDTE related to Electric Industry Restructuring in Massachusetts (See Note 12), the Company is required to discontinue the provisions of Statement of Financial Accounting Standards 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71), to the generation and power supply portion of FG&E's business. FG&E's electric distribution business and gas supply and distribution business, as well as the power supply and distribution business of CECo, E&H and UPC will continue to apply SFAS No. 71.

### New Hampshire:

**Purchased Power Contracts** - UPC has commitments under long-term contracts for the purchase of electricity from various suppliers. These wholesale contracts are generally for fixed periods and require payment of demand and energy charges. The total costs under these contracts are

included in Fuel and Purchased Power in the Consolidated Statements of Earnings and are normally recoverable in revenues under various cost recovery mechanisms.

The status of UPC's electric purchased power contracts at December 31, 2000, is as shown below:

Unit Fuel Type	2000 Energy MW Winter Entitlements	Purchased (MWH's)	Contract End Date	Est. Annual Minimum Payments Which Cover Future Debt Service Requirements (000's)
Gas	24	115,875	2010	\$3,553 (1)
Oil/Gas	2	3,321	2003	None
Oil/Gas	16	60,133	2006	None
Oil/Gas	10	11,863	2008	None
Oil	10	39,411	2005	None
Coal	15	77,418	2005	None
Coal	10	12,645	2000	None
Nuclear	25	218,657	2001	None
Nuclear	5	42,825	2005	None
Nuclear	10	68,889	2010	None
Nuclear	2	13,089	2013	None
Hydro	5	78,005	2001	\$880 (2)
Refuse	6	43,730	2003	None
System	18	57,203	2002	None
System	30	143,411	Variable	None
Various		216,023	Short-term	None

Notes:

(1) Total estimated 2000 annualized capacity payments.

(2) Total estimated 2000 annualized support charges.

## Note 9: Benefit Plans

**Pension Plans** - Prior to May 1, 1998 four of the Company's subsidiaries had defined benefit Retirement and Pension plans and related Trust Agreements to provide retirement annuities for participating employees at age 65. On May 1, 1998, the plans of each employer were merged into one plan with uniform plan provisions to be known as the "Unitil Corporation Retirement Plan." The entire cost of the plan is borne by the respective subsidiaries.

The following table provides the components of net periodic expense (income) for the plans for years 2000, 1999 and 1998:

Net Periodic Expense (Income) (000's)	2000	1999	1998
Service Cost	\$850	\$935	\$827
Interest Cost	2,552	2,395	2,207
Expected Return on Plan Assets	(4,356)	(4,044)	(3,562)
Amortization of Transition Obligation	85	85	(16)
Amortization of Prior-Service Cost	98	101	74
Recognized net actuarial (gain)	(105)	---	---
Net Periodic Benefit Income	<b>(\$876)</b>	<b>(\$528)</b>	<b>(\$470)</b>

### Reconciliation of Projected Benefit Obligations (000's):

Beginning of Year	\$33,371	\$36,621	\$29,853
Service Cost	850	935	827
Interest Cost	2,552	2,395	2,207
Amendments	(80)	---	1,292
Actuarial (Gain) Loss	749	(4,601)	4,290
Benefit Payments	(2,094)	(1,979)	(1,848)
End of Year	<b>\$35,348</b>	<b>\$33,371</b>	<b>\$36,621</b>

### Reconciliation of Fair Value of Plan Assets (000's):

Beginning of Year	\$45,783	\$48,627	\$42,304
Actual Return of Plan Assets	1,733	(865)	8,171
Benefit Payments	(2,094)	(1,979)	(1,848)
End of Year	<b>\$45,422</b>	<b>\$45,783</b>	<b>\$48,627</b>

### Funded Status (000's):

Funded Status at December 31	\$10,074	\$12,411	\$12,006
Unrecognized Transition Obligation	84	169	254
Unrecognized Prior-Service Cost	1,038	1,216	1,317
Unrecognized (Gain) Loss	(1,200)	(4,677)	(4,986)
Prepaid Pension Cost	<b>\$9,996</b>	<b>\$9,119</b>	<b>\$8,591</b>

Plan assets are invested in common stock, short-term investments and various other fixed income security funds. The weighted-average discount rates used in determining the projected benefit obligation in 2000, 1999 and 1998 were 7.75%, 7.75%, and 7.00%, respectively. The rate of increase in future compensation levels was 4.00% and the expected long-term rate of return on assets was 9.25% in 2000, 1999 and 1998.

Unitil Service Corp. has a Supplemental Executive Retirement Plan (SERP). The SERP is an unfunded retirement plan with participation limited to executives selected by the Board of Directors. The cost associated with the SERP amounted to approximately \$112,000, \$157,000; and \$114,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

**Employee 401(k) Tax Deferred Savings Plan** - The Company sponsors a defined contribution plan (under Section 401 (k) of the Internal Revenue Code) covering substantially all of the Company's employees. Participants may elect to defer from 1% to 15% of current compensation to the plan. The Company matches contributions, with a maximum matching contribution of 3% of current compensation. Employees may direct the investment of their savings plan balances into a variety of investment options, including a Company common stock fund. Participants are 100% vested in contributions made on their behalf, once they have completed three years of service. The Company's share of contributions to the plan were \$425,000, \$407,000 and \$384,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

**Post-Retirement Benefits** - The Company's subsidiaries provide health care benefits to retirees for a twelve-month period following their retirement. The Company's subsidiaries continue to provide life insurance coverage to retirees. Life insurance and limited health care post-retirement benefits require the Company to accrue post-retirement benefits during the employee's years of service with the Company and the recognition of the actuarially determined total post retirement benefit obligation earned by existing retirees. At December 31, 2000, 1999 and 1998, the accumulated post retirement benefit obligation (transition obligation) was approximately \$257,000, \$278,000 and \$299,000, respectively, and the period cost associated with these benefits for 2000, 1999 and 1998 was approximately \$90,000, \$84,000 and \$76,000, respectively. This obligation is being recognized on a delayed basis over the average remaining service period of active participants and such period will not exceed 20 years.

## Note 10: Earnings Per Share

The following table reconciles basic and diluted earnings per share assuming all outstanding stock options were converted to common shares per SFAS 128.

<b>(000's except share and per share data)</b>	<b>2000</b>	1999	1998
Basic Income Available to Common Stock	<b>\$6,953</b>	\$8,170	\$7,975
Weighted Average Common Shares Outstanding - Basic	<b>4,723,171</b>	4,682,273	4,505,784
Plus: Diluted Effect of Incremental Shares from Assumed Conversion	<b>19,574</b>	10,381	128,324
Weighted Average Common Shares Outstanding - Diluted	<b>4,742,745</b>	4,692,654	4,634,108
Basic Earnings per Share	<b>\$1.47</b>	\$1.74	\$1.77
Diluted Earnings per Share	<b>\$1.47</b>	\$1.74	\$1.72

## Note 11: Segment Information

The Company has reported four segments: utility electric, utility gas, Usource and other. Unitil is engaged principally in the retail sale and distribution of electricity in New Hampshire and both electric and gas service in Massachusetts through its retail distribution subsidiaries CECO, E&H, and FG&E. The Company's wholesale electric power subsidiary, UPC, provides all the electric power supply requirements to CECO and E&H for resale at retail, and also engages in various other wholesale electric power services with affiliates and non-affiliates throughout the New England Region. URI provides an Internet-based energy brokering service, through Usource, as well as various energy consulting and marketing activities. URC and USC provide centralized facilities and operations to support the Unitil System.

URC and USC are included in the "Other" column of the table below. USC provides centralized management and administrative services, including information systems management and financial record keeping. URC owns certain real estate, principally the Company's corporate headquarters. The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies. Intersegment sales take place at cost and the effects of all intersegment and/or intercompany transactions are eliminated in the consolidated financial statements. Segment profit or loss is based on profit or loss from operations after income taxes. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated in accordance with factors contained in cost of service studies, which were included in rate applications approved by the NHPUC and MDTE. Assets allocated to each segment are based upon specific identification of such assets provided by Company records.

The following table provides significant segment financial data for the years-ended December 31, 2000, 1999 and 1998:

<b>Year Ended December 31, 2000 (000's)</b>	<b>Electric</b>	<b>Gas</b>	<b>Other</b>	<b>Usource</b>	<b>Eliminations</b>	<b>Total</b>
Revenues						
External Customers	<b>\$160,023</b>	<b>\$22,756</b>	<b>\$31</b>	<b>\$131</b>		<b>\$182,941</b>
Intersegment	----	----	<b>17,967</b>	----	<b>(17,967)</b>	----
Depreciation and Amortization	<b>8,815</b>	<b>1,575</b>	<b>1,344</b>	<b>230</b>		<b>11,964</b>
Interest, net	<b>4,797</b>	<b>1,370</b>	<b>629</b>	<b>24</b>		<b>6,820</b>
Income Taxes	<b>4,051</b>	<b>199</b>	<b>3</b>	<b>(840)</b>		<b>3,413</b>
Segment Profit	<b>7,923</b>	<b>662</b>	<b>22</b>	<b>(1,654)</b>		<b>6,953</b>
Identifiable Segment Assets	<b>317,453</b>	<b>40,173</b>	<b>38,090</b>	<b>3,731</b>	<b>(16,480)</b>	<b>382,967</b>
Regulatory Assets	<b>137,470</b>	----	----	----		<b>137,470</b>
Capital Expenditures	<b>14,066</b>	<b>3,821</b>	<b>1,299</b>	<b>3,063</b>		<b>22,249</b>

### **Year Ended December 31, 1999 (000's)**

Revenues						
External Customers	\$154,077	\$18,116	\$135	\$45		\$172,373
Intersegment	----	----	19,089	----	(19,089)	----
Depreciation and Amortization	8,362	1,458	1,492	100		11,412
Interest, net	5,094	1,255	549	21		6,919
Income Taxes	4,051	(200)	456	(260)		4,047
Segment Profit	7,830	320	494	(474)		8,170

Identifiable Segment Assets	306,786	35,653	41,189	703	(20,804)	363,527
Regulatory Assets	143,470	----	----	----	----	143,470
Capital Expenditures	6,905	2,266	5,373	587	----	15,131

#### Year Ended December 31, 1998 (000's)

<b>Revenues</b>						
External Customers	\$149,639	\$17,009	\$30			\$166,678
Intersegment	----	----	18,483		(18,483)	----
Depreciation and Amortization	7,917	893	1,197			10,007
Interest, net	4,842	1,097	962			6,901
Income Taxes	3,609	(145)	246			3,710
Segment Profit	7,428	176	371			7,975
Identifiable Segment Assets	316,568	36,354	44,932		(21,019)	376,835
Regulatory Assets	167,181	----	----			167,181
Capital Expenditures	10,644	3,171	648			14,463

## Note 12: Commitments and Contingencies

### Environmental Matters

The Company continues to work with federal and state environmental agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. FG&E has proceeded with site remediation work as specified on the Tier 1B permit, which allows FG&E to work towards temporary remediation of the site.

In April 2000, FG&E applied for a Utility Related Abatement Measure (URAM) with the Massachusetts Department of Environmental Protection (DEP) to permit excavation work required to construct a new electric substation on FG&E's former MGP site at Sawyer Passway. The permit application was reviewed and approved by the Massachusetts DEP in May 2000. All work permitted under the provisions of the URAM was completed and a final report of closure was submitted to the DEP in December 2000.

Construction of the new highway bridge across Sawyer Passway began in October 2000. FG&E began fulfillment of obligations associated with the bridge construction as stipulated in a memorandum of understanding with the Massachusetts Highway Department and the Massachusetts DEP.

Upon completion of site remediation associated with the bridge construction, the last remaining portion of the Sawyer Passway MGP site is expected to be closed out and attain the status of temporary closure in late 2001. This temporary closure requires FG&E to monitor the site until a feasible permanent remediation alternative can be developed and completed.

The costs of remedial action at this site are initially funded from traditional sources of capital and recovered from customers under a rate recovery mechanism approved by the MDTE. The Company also has a number of liability insurance policies that may provide coverage for environmental remediation at this site.

### Regulatory Matters

The Unitil System of Companies is regulated by various federal and state agencies, including the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC), and state regulatory authorities with jurisdiction over the utility industry, including the New Hampshire Public Utilities Commission (NHPUC) and the Massachusetts Department of Telecommunications and Energy (MDTE). In recent years, there has been significant legislative and regulatory activity to introduce greater competition in the supply and sale of electricity and gas, while continuing to regulate the delivery and distribution operations of our utility subsidiaries.

Massachusetts enacted comprehensive electric utility industry restructuring in November 1997. Since March 1, 1998, all electric consumers in Massachusetts served by investor-owned utilities have had the ability to choose their electric energy supplier. FG&E, the Company's Massachusetts utility operating subsidiary, continues to implement its comprehensive electric restructuring plan and divestiture of its entire regulated power supply business, including its nuclear investment.

Since 1997, FG&E has worked in collaboration with the other Massachusetts gas distribution utilities and various other stakeholders to develop and implement the infrastructure to offer gas customers choice of their competitive gas energy supplier and to complete the restructuring of gas service provided by gas utilities. FG&E filed with the MDTE new gas tariffs to implement natural gas unbundling in accordance with Model Terms and Conditions resulting from these collaborative efforts. The MDTE issued an Order approving these tariffs and final regulations effective November 1, 2000.

In New Hampshire, CECO and E&H, our electric utility operating subsidiaries, and Unitil Power Corp., our wholesale power company, continue to prepare for the transition that will move them into this new market structure, pending resolution of certain key restructuring policies and issues. The utility operating companies have also been active participants in the restructuring of the wholesale power market and transmission system in New England. Though retail competition in the sale of electricity has stalled throughout the region, new wholesale markets have been implemented in the New England Power Pool (NEPOOL) under the general supervision of an Independent System Operator (ISO).

**Massachusetts Electric Restructuring** - On January 15, 1999, the MDTE approved FG&E's restructuring plan with certain modifications. The Plan provides customers with: a) the ability to choose an energy supplier; b) an option to purchase Standard Offer Service provided by FG&E at regulated rates for up to seven years; and c) a cumulative 15% rate reduction adjusted for inflation. The Order also approved FG&E's power supply divestiture plan for its interest in three generating units and four long-term power supply contracts.

Pursuant to the Plan, on October 30, 1998, FG&E filed a proposed contract with Constellation Power Services Inc. for provision of Standard Offer Service. Constellation began to supply power under that contract on March 1, 1999, and is scheduled to continue through February 28, 2005. The award of this contract was the first successful Standard Offer auction conducted in Massachusetts.

A contract for the sale of FG&E's interest in the New Haven Harbor plant was approved by the MDTE on March 31, 1999, and the sale of the unit closed on April 14, 1999. A contract for the sale of the entire output from FG&E's remaining generating assets and purchased power contracts to Select Energy, Inc. was approved by the MDTE on December 28, 1999, and went into effect February 1, 2000.

On December 22, 1999, FG&E filed with the MDTE new rates for effect January 1, 2000. The revised rates maintain the required inflation-adjusted 15% rate discount. The MDTE approved the rates on January 5, 2000, subject to an examination of the Company's filing in which it reconciles its estimated and actual transition costs (the "reconciliation filing").

On February 2, 2000, the MDTE initiated a proceeding to examine FG&E's reconciliation filing and the consistency of the proposed charges and adjustments with the methods approved in FG&E's restructuring plan. The MDTE held four days of hearings in May 2000, and the Company presented testimony in support of its filing. As part of his review of FG&E's filing, the Massachusetts Attorney General has challenged FG&E's recovery of certain transition costs and other cost reconciliation calculations. Management is unable to determine the outcome of the MDTE proceedings. However, if an unfavorable outcome were to occur, there could be an adverse impact on the Company's consolidated financial position.

As a result of restructuring and divestiture of FG&E's generation and purchased power portfolio, FG&E has accelerated the write-off of its electric generation assets and its abandoned investment in Seabrook Station. The MDTE established the return to be earned on the unamortized balance of FG&E's generation plant, reducing FG&E's earnings on those assets. In 2000, Unital's earnings from this business segment represented approximately 16% of the earnings from utility operations. As this portfolio is amortized over the next 9 years, earnings from this segment of FG&E's utility business will continue to decline and ultimately cease.

On August 2, 2000, FG&E was the first electric company in Massachusetts to file for an increase in its Standard Offer Service rates pursuant to the Fuel Adjustment provision of its Standard Offer Service (SOS) tariff. This adjustment allows an increase in the SOS rate due to increases in the fuel prices of oil and natural gas. Any revenues received as a result of this adjustment are passed on to the Company's wholesale SOS provider. The MDTE suspended the filing for further review. Subsequently, other electric utility companies operating in Massachusetts made similar filings, and the MDTE instituted proceedings in each of those cases. On December 4, 2000, the MDTE issued an order for the utilities authorizing a "fixed" fuel adjustment, calculated based on the most recent 12 months of data. These adjustments took effect on January 1, 2001. FG&E's SOS rate increased from 3.8 cents/kWh to 5.121 cents/kWh. Unrecovered amounts to date will be recovered, subject to the rate reduction requirements of the Act.

In approving the new SOS rates, the MDTE also directed all electric distribution companies to file a report with the MDTE on their efforts to mitigate transition costs. On January 19, 2001, FG&E filed an extensive report detailing its mitigation activities, including contract restructurings, divestiture of its generating assets, and a variety of initiatives intended to reduce the burden of increasing energy prices on customers. While FG&E has substantially completed the divestiture of its generation assets, the Company continues to seek ways to reduce its transition costs and lower prices for customers.

On December 1, 2000, FG&E filed new electric rates for effect January 1, 2001. The revised rates maintain the required inflation-adjusted 15% rate discount. The MDTE approved final rates on December 29, 2000, subject to reconciliation pursuant to an investigation of actual and estimated transition costs, resulting in an upward inflation adjustment of 3.5% relative to 2000 rates.

New customers, and customers who previously opted to take electric supply service from a competitive provider, may purchase power through FG&E under Default Service. FG&E provides the Default Service through a third party supplier at market-based rates. The Company issued a Request for Proposals for Default Service in September 2000. FG&E awarded a contract and filed resulting rates which were approved effective for the period January through May 2001.

In June 2000, the MDTE opened an investigation into whether (1) metering, meter maintenance and testing, and customer billing and information services (MBIS) should be unbundled; and (2) the service territories of distribution companies should remain exclusive. On December 29, 2000, the MDTE issued its report recommending that the Legislature not take action to allow for the competitive provision of MBIS in the electric industry. The MDTE also concluded that exclusive service territories should remain intact.

**Massachusetts Gas Restructuring** - In mid-1997, the MDTE directed all Massachusetts natural gas Local Distribution Companies (LDCs) to form a collaborative with other stakeholders to develop common principles and appropriate regulations for the unbundling of gas service, and directed FG&E and four other LDCs to file unbundled gas rates for its review. FG&E's unbundled gas rates were filed with, and approved by, the MDTE and implemented in November 1998.

On February 1, 1999, the MDTE issued an order in which it determined that the LDCs would continue to have an obligation to provide gas supply and delivery services for another five years, with a review after three years. This order also set forth the MDTE's decision requiring mandatory assignment by LDCs of their pipeline capacity contracts to competitive marketers. In March 1999, the LDCs and other stakeholders filed a settlement with the MDTE, which set forth rules for implementing an interim firm transportation service through October 31, 2000. The MDTE approved the settlement on April 2, 1999. FG&E has made separate compliance filings that were approved by the MDTE to implement its interim firm gas transportation service for its largest general service customers and to complement this service with a firm gas peaking service. This interim service is now superseded by the permanent transportation service, which was approved for implementation on November 1, 2000.

On November 3, 1999, the Massachusetts LDCs filed Model Terms and Conditions for Gas Service, including provisions for capacity assignment, peaking service, and Default Service. In accordance with the MDTE's approval of these Model Terms and Conditions in January 2000, FG&E filed Company-specific tariffs that implement natural gas unbundling. The MDTE also opened a rulemaking proceeding on proposed regulations that would govern the unbundling of services related to the provision of natural gas. The MDTE has issued an order approving the tariffs and final regulations effective November 1, 2000.

**New Hampshire Electric Restructuring** - On February 28, 1997, the NHPUC issued its Final Plan for New Hampshire electric utilities to transition to a competitive electric market in the state (Final Plan). The Final Plan linked the interim recovery of stranded cost by the State's utilities to a comparison of their existing rates with the regional average utility rates. CECO's and E&H's rates are below the regional average; thus, the NHPUC found that CECO and E&H were entitled to full interim stranded cost recovery, as defined by the NHPUC. However, the NHPUC also made certain legal rulings which could affect CECO's and E&H's long-term ability to recover all of their stranded costs.

Northeast Utilities' affiliate Public Service Company of New Hampshire (PSNH) filed suit in U.S. District Court for protection from the Final Plan and related orders and was granted an indefinite stay. In June 1997, Unital, and other utilities in New Hampshire, intervened as plaintiffs in the federal court proceeding. In June 1998, the federal court clarified that the injunctions issued by the court in 1997 had effectively frozen the NHPUC's efforts to implement restructuring. This amended injunction has been challenged by the NHPUC, and affirmed by the First Circuit Court of Appeals. Unital continues to be a plaintiff-intervenor in federal district court. Further court proceedings are pending final resolution of electric restructuring for PSNH.

Unital has continued to work actively to explore settlement options and to seek a fair and reasonable resolution of key restructuring policies and issues in New Hampshire. The Company is also monitoring the regulatory and legislative proceedings dealing with electric restructuring in the state. In October 2000, the NHPUC approved a settlement for the restructuring of PSNH. Appeals of the PSNH restructuring orders were denied by the New Hampshire Supreme Court and are now being pursued with the U.S. Supreme Court.

**Pending Rate Proceedings** - The last formal regulatory filings to increase base electric rates for Unital's three retail operating subsidiaries occurred in 1985 for CECO, 1984 for FG&E, and 1981 for E&H. A majority of the Company's operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, cost of gas, energy efficiency, and restructuring-related cost recovery mechanisms. Industry restructuring will continue to change the methods of how certain costs are recovered through the Company's regulated rates and tariffs.

As discussed above, FG&E filed for and received approval of an increase to its electric Standard Offer Service rate reflecting extraordinary increases in the price of oil and natural gas. FG&E also received an increase to its Cost of Gas Adjustment resulting in bill increases of approximately 25%, effective November 1, 2000. FG&E subsequently received another increase of approximately 20% to its Cost of Gas Adjustment for effect February 1, 2001. Wholesale natural gas prices reached record levels in New England and across the United States in response to cold weather and tight supplies. In New Hampshire, CECO and E&H filed and received approval of increases to their Fuel and Purchased Power Adjustments, resulting in bill increases of 25% to 34%, depending upon usage patterns, effective January 1, 2001. These higher fuel costs are a pass-through without markup or profit. Retail electricity prices for most New England utilities are increasing this winter.

On May 15, 1998, FG&E filed a gas base rate case with the MDTE. The last base rate case had been in 1984. After evidentiary hearings, the MDTE issued an Order allowing FG&E to establish new rates, effective November 30, 1998, which would produce an annual increase of approximately \$1.0 million in gas revenues. As part of the proceeding, the Massachusetts Attorney General alleged that FG&E had double-collected fuel inventory finance charges, and requested that the MDTE require FG&E to refund approximately \$1.6 million in double collections since 1987. The Company believes that the Attorney General's claim is without merit and that a refund was not justified or warranted. The MDTE rejected the Attorney General's request and stated its intent to open a separate proceeding to investigate the Attorney General's claim. On November 1, 1999, the MDTE issued an Order of Notice initiating an investigation of this matter. Hearings were held in early 2000 and were reopened in November 2000 to hear new evidence. Supplemental testimony has been filed and additional hearings were held in February 2001.

On October 29, 1999, the MDTE initiated a proceeding to implement Performance Based Rate making (PBR) for all electric and gas distribution utilities in Massachusetts. PBR is a method of setting regulated distribution rates that provide incentives for utilities to control costs while maintaining a high level of service quality. Under PBR, a company's earnings are tied to performance targets, and penalties can be imposed for deterioration of service quality. On December 29, 1999, FG&E filed a petition with the MDTE for authority to defer for later recovery costs associated with its preparation of a PBR filing for its gas division and its participation in the MDTE-initiated generic gas and electric PBR proceedings. This petition and the MDTE's generic proceeding are pending. The Company is currently evaluating the impact, if any, that PBR would have on the Company's ability to continue applying the standards of Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation."

On December 31, 1999, the Massachusetts Attorney General filed a complaint against FG&E requesting that the MDTE investigate the distribution rates, rate of return, and depreciation accrual rates for FG&E's electric operations in calendar year 1999. The MDTE opened a proceeding in November 2000, held a public hearing and procedural conference in December 2000, and subsequently issued a procedural schedule covering the period January through April 2001. Any order received from the MDTE would apply to the Company's rates prospectively and would not be retroactive. Management is unable to predict the outcome of this proceeding but an unfavorable result could have an adverse impact on the Company's consolidated financial position.

**Millstone Unit No. 3** - FG&E has a 0.217% nonoperating ownership in the Millstone Unit No. 3 (Millstone 3) nuclear generating unit which supplies it with 2.49 megawatts (MW) of electric capacity. In January 1996, the Nuclear Regulatory Commission (NRC) placed Millstone 3 on its Watch List, which calls for increased NRC inspection attention. In March 1996, as a result of engineering evaluations, Millstone 3 was taken out of service. The NRC authorized the restart of Millstone 3 in June 1998.

During the period that Millstone 3 was out of service, FG&E continued to incur its proportionate share of the unit's ongoing Operations and Maintenance (O&M) costs, and may incur additional O&M costs and capital expenditures to meet NRC requirements. FG&E also incurred costs to replace the power that was expected to be generated by the unit. During the outage, FG&E incurred approximately \$1.2 million in replacement power costs, and recovered those costs through its electric fuel charge, which is subject to review and reconciliation by the MDTE. Under existing MDTE precedent, FG&E's replacement power costs of \$1.2 million could be subject to disallowance in rates.

In August 1997, FG&E, in concert with other non-operating joint owners, filed a demand for arbitration in Connecticut and a lawsuit in Massachusetts, in an effort to recover costs associated with the extended unplanned shutdown. Several preliminary rulings have been issued in the arbitration and legal cases, and both cases are continuing. On March 22, 2000, FG&E entered into a settlement agreement with the defendants under which FG&E will dismiss its lawsuit and arbitration claims. The settlement is generally similar to earlier settlements with the defendants, and three joint owners that own, in the aggregate, approximately 19% of the unit. The settlement provides for FG&E to receive an initial payment of \$600,000 and other amounts contingent upon future events and would result in FG&E's entire interest in the unit being included in the auction of the majority interest, and certain of the minority interests, in Millstone 3, which is expected to be completed by 2001. Upon completion of the sale of Millstone 3, FG&E will be relieved of all residual liabilities, including decommissioning liabilities, associated with Millstone 3. FG&E expects to flow through the net proceeds of the settlement to its customers.

On September 8, 2000, Western Massachusetts Electric Company, New England Power Company, and FG&E together filed a Joint Petition requesting approval by the MDTE of the sale of their respective interests in Millstone Units 1, 2, and 3. The Companies also requested MDTE findings that the divested assets qualify as "eligible facilities" pursuant to Section 32 (c) of the Public Utility Holding Company Act of 1935. The MDTE approved the sale and certified the unit as an "eligible facility" on December 22, 2000. The parties to the sale transaction are currently awaiting other state and federal regulatory approvals for the final sale of the Millstone units.

**Market Risk** - Although Unutil's utility operating companies are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of fuel and gas costs in rates. Consequently, there is limited commodity price risk after consideration of the related rate-making. As the utility industry deregulates, the Company will be divesting its commodity-related energy businesses and therefore will be further reducing its exposure to commodity-related risk.

### *Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None

## **PART III**

### *Item 10. Directors and Executive Officers of the Registrant*

Information required by this Item is set forth in Exhibit 99.1 on pages 2 through 8 of the 2000 Proxy Statement.

*Item 11. Executive Compensation*

Information required by this Item is set forth in Exhibit 99.1 on pages 9 through 14 of the 2000 Proxy Statement.

*Item 12. Security Ownership of Certain Beneficial Owners and Management*

Information required by this Item is set forth in Exhibit 99.1 on pages 3 through 5 of the 2000 Proxy Statement and is incorporated herein by reference.

*Item 13. Certain Relationships and Related Transactions*

None

**PART IV**

*Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K*

(a) (1) and (2) -

**LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Report of Independent Certified Public Accountants
- Consolidated Balance Sheets - December 31, 2000 and 1999
- Consolidated Statements of Earnings for the years ended December 31, 2000, 1999, and 1998
- Consolidated Statements of Capitalization - December 31, 2000 and 1999
- Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999, and 1998
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2000, 1999, and 1998
- Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of the Company and subsidiaries is included in Item 14(d):

- Schedule II Valuation and Qualifying Accounts for December 31, 2000, 1999, and 1998

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are inappropriate, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
3.1	Articles of Incorporation of the Company	Exhibit 3.1 to Form S-14 Registration Statement 2-93769
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992 and April 30, 1992	Exhibit 3.2 to Form 10-K for 1992
3.3	By-laws of the Company.	Exhibit 3.2 to Form S-14 Registration Statement 2-93769
3.4	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.5	Articles of Exchange of CECo, E&H, and the Company - Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.6	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (FG&E) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989
3.7	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, FG&E and UMC	Exhibit 28(b) to Form 8-K dated December 14, 1989
4.1	Indenture of Mortgage and Deed of Trust dated July 15, 1958 of CECo relating to First Mortgage Bonds, Series B, 4 3/8% due September 15, 1988 and all Series unless supplemented.	**
4.2	First Supplemental Indenture dated January 15, 1968 relating to CECo's First Mortgage Bonds, Series C, 6 3/4% due January 5, 1998 and all additional series unless supplemented.	**
4.3	Fourth Supplemental Indenture dated March 28, 1984 amending CECo's Original First Mortgage Bonds Indenture, and First, Second and Third Supplemental Indentures and all additional series unless supplemented.	**
4.4	Eight Supplemental Indenture dated October 14, 1994 relating to CECo's First Mortgage Bonds, Series I, 8.49% due October 14, 2024 and all additional series unless supplemented.	Exhibit 4.8 to Form 10-K for 1994
4.5	Ninth Supplemental Indenture dated September 1, 1998 relating to CECo's. First Mortgage Bonds, Series J, 6.96% due September 1, 2028	Exhibit 4.24 to Form 10-K for 1998
4.6	Indenture of Mortgage and Deed of Trust dated December 1, 1952 of E&H relating to all series unless supplemented.	Exhibit 4.5 to Registration Statement 2-49218
4.7	Eighth Supplemental Indenture dated October 29, 1987 relating to E&H's First Mortgage Bonds, Series I, 9.85% due October 15, 1997 and all additional series unless supplemented.	Exhibit 4.15 to Form 10-K for 1987
4.8	Tenth Supplemental Indenture dated October 14, 1994 relating to E&H's First Mortgage Bonds, Series K, 8.49% due October 14, 2024 and all additional series unless supplemented.	Exhibit 4.17 to Form 10-K for 1994
4.9	Eleventh Supplemental Indenture dated September 1, 1998 relating to E&H's First Mortgage Bonds, Series L, 6.96% due September 1, 2028	Exhibit 4.23 to Form 10-K for 1998
4.10	FG&E Purchase Agreement dated March 20, 1992 for the 8.55% Senior Notes due March 31, 2004	Exhibit 4.18 to Form 10-K for 1993
4.11	FG&E Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.12	Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.13		Exhibit 4.22 to

	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Form 10-K for 1997
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993
10.4	Form of Severance Agreement dated February 21, 1989, between the Company and the persons named in the schedule attached thereto.	Exhibit 10.55 to Form 8 dated April 12, 1989
10.5	Key Employee Stock Option Plan effective January 17, 1989.	Exhibit 10.56 to Form 8 dated April 12, 1989
10.6	Unitil Corporation Key Employee Stock Option Plan Award Agreement.	Exhibit 10.63 to Form 10-K for 1989
10.7	Unitil Corporation Management Performance Compensation Plan.	Exhibit 10.94 to Form 10-K/A for 1993
10.8	Unitil Corporation Supplemental Executive Retirement Plan effective as of January 1, 1987.	Exhibit 10.95 to Form 10-K/A for 1993
10.9	Unitil Corporation 1998 Stock Option Plan.	Exhibit 10.12 to Form 10-K for 1998
10.10	Unitil Corporation Management Incentive Plan.	Exhibit 10.13 to Form 10-K for 1998
10.11	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.12	Purchase and Sale Agreement For New Haven Harbor.	Exhibit 10.15 to Form 10-K for 1999
10.13	Labor Agreement effective June 1, 2000 between CECo and The International Brotherhood of Electrical Workers, Local Union No. 1837.	Filed herewith
10.14	Labor Agreement effective June 1, 2000 between E&H and The International Brotherhood of Electrical Workers, Local Union No. 1837.	Filed herewith
10.15	Labor Agreement effective June 1, 2000 between FG&E and The Utility Workers of America, AFL-CIO., Local Union No. B340, The Brotherhood of Utility Workers Council.	Filed herewith
11.1	Statement Re: Computation in Support of Earnings per Share For the Company.	Filed herewith
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Certified Public Accountants	Filed herewith
99.1	2000 Proxy Statement.	Filed herewith

\* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

\*\* Copies of these debt instruments will be furnished to the Securities and Exchange Commission upon request.

(b) Report on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of the year ended December 31, 2000.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Unitil Corporation

Date March 20, 2001 By /s/ Robert G. Schoenberger  
Robert G. Schoenberger  
Chairman of the Board of Directors and  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Robert G. Schoenberger</u> Robert G. Schoenberger	Principal Executive Officer; Director	March 20, 2001
<u>/s/ Michael J. Dalton</u> Michael J. Dalton	Principal Operating Officer; Director	March 20, 2001
<u>/s/ Anthony J. Baratta, Jr.</u> Anthony J. Baratta, Jr.	Principal Financial Officer	March 20, 2001
<u>/s/ Albert H. Elfner, III</u> Albert H. Elfner, III	Director	March 20, 2001
<u>/s/ Ross B. George</u> Ross B. George	Director	March 20, 2001
<u>/s/ Bruce W. Keough</u> Bruce W. Keough	Director	March 20, 2001
<u>/s/ M. Brian O'Shaughnessy</u> M. Brian O'Shaughnessy	Director	March 20, 2001
<u>/s/ J. Parker Rice, Jr.</u> J. Parker Rice, Jr.	Director	March 20, 2001
<u>/s/ Charles H. Tenney III</u> Charles H. Tenney III	Director	March 20, 2001

/s/ William E. Aubuchon, III Director March 20, 2001  
William E. Aubuchon, III

/s/ Joan D. Wheeler Director March 20, 2001  
Joan D. Wheeler

/s/ Eben S. Moulton Director March 20, 2001  
Eben S. Moulton

**SCHEDULE II**

**UNITIL CORPORATION**

**VALUATION AND QUALIFYING ACCOUNTS AND RESERVES**

Description	Balance at Beginning of Period	Additions		Deductions from Reserves (B)	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts (A)		
<b>Year Ended December 31, 2000</b>					
Reserves Deducted from A/R					
Electric	\$ 464,797	\$ 455,353	\$ 81,286	\$ 548,564	\$ 452,872
Gas	133,803	48,202	413,277	452,472	142,810
	<u>\$ 598,600</u>	<u>\$ 503,555</u>	<u>\$ 494,563</u>	<u>\$ 1,001,036</u>	<u>\$ 595,682</u>
<b>Year Ended December 31, 1999</b>					
Reserves Deducted from A/R					
Electric	\$ 568,025	\$ 441,694	\$ 113,625	\$ 658,547	\$ 464,797
Gas	78,059	365,365	65,256	374,877	133,803
	<u>\$ 646,084</u>	<u>\$ 807,059</u>	<u>\$ 178,881</u>	<u>\$ 1,033,424</u>	<u>\$ 598,600</u>
<b>Year Ended December 31, 1998</b>					
Reserves Deducted from A/R					
Electric	\$ 544,224	\$ 459,942	\$ 146,387	\$ 582,528	\$ 568,025
Gas	108,899	288,214	31,189	350,243	78,059
	<u>\$ 653,123</u>	<u>\$ 748,156</u>	<u>\$ 177,576</u>	<u>\$ 932,771</u>	<u>\$ 646,084</u>

(A) Collections on Accounts Previously Charged Off

(B) Bad Debts Charged Off

**UNITIL CORPORATION**  
**Computation in Support of Earnings per Share**

	Year Ended December 31,		
	2000	1999	1998
	(000's omitted)		
<b>BASIC EARNINGS PER SHARE</b>			
Net Income	<b>\$7,216</b>	\$8,438	\$8,249
Less: Dividend Requirements on Preferred Stock	<b>263</b>	268	274
Net Income Applicable to Common Stock	<b>\$6,953</b>	\$8,170	\$7,975
Average Number of Common Shares Outstanding	<b>4,723</b>	4,682	4,506
Basic Earnings per Average Common Shares Outstanding	<b>\$1.47</b>	\$1.74	\$1.77
<b>DILUTED EARNINGS PER SHARE</b>			
Net Income	<b>\$7,216</b>	\$8,438	\$8,249
Less: Dividend Requirements on Preferred Stock	<b>263</b>	268	274
Net Income Applicable to Common Stock	<b>\$6,953</b>	\$8,170	\$7,975
Average Number of Common Shares Outstanding plus Assumed Options converted*	<b>4,743</b>	4,693	4,634
Diluted Earnings per Average Common Shares Outstanding	<b>\$1.47</b>	\$1.74	\$1.72

\* Assumes all options were converted to common shares per SFAS 128.

## UNITIL CORPORATION

## Computation in Support of Ratio of Earnings to Fixed Charges

Year Ended December 31,

	2000	1999	1998	1997	1996
	(000's Omitted Except Ratio)				
<b>Earnings:</b>					
Net Income, per Consolidated					
Statement of Earnings	\$7,216	\$8,438	\$8,249	\$8,235	\$8,729
Federal Income Tax	(9)	3,492	2,221	2,999	3,658
Deferred Federal Income Tax	3,066	65	1,225	573	321
State Income Tax	155	805	377	679	691
Deferred State Income Tax	456	7	289	87	137
Amortization of Tax Credit	(255)	(322)	(402)	(172)	(194)
Interest on Long-Term Debt	6,440	6,477	5,412	5,242	5,142
Amortization of Debt Discount Expense	60	60	61	60	57
Other Interest	2,105	1,091	1,787	1,889	1,049
Total	\$19,234	\$20,113	\$19,219	\$19,592	\$19,590
<b>Fixed Charges:</b>					
Interest of Long-Term Debt	\$6,440	\$6,477	\$5,412	\$5,242	\$5,142
Amortization of Debt Discount Expense	60	60	61	60	57
Other Interest	2,105	1,091	1,787	1,889	1,049
Total	\$8,605	\$7,628	\$7,260	\$7,191	\$6,248
<b>Ratio of Earnings to Fixed Charges</b>	<b>2.24</b>	<b>2.64</b>	<b>2.65</b>	<b>2.72</b>	<b>3.14</b>

**Subsidiaries of Registrant**

The Company or the registrant has seven wholly-owned subsidiaries, six of which are corporations organized under the laws of the State of New Hampshire: Concord Electric Company, Exeter & Hampton Electric Company, Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The seventh, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly owned subsidiary of Unitil Resources, Inc. Usource L.L.C., which is a corporation organized under the laws of the State of Delaware is a wholly owned subsidiary of Usource, Inc.

**CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

-

We have issued our report dated February 5, 2001, accompanying the consolidated financial statements and schedule included in the Annual Report of Unitil Corporation and subsidiaries on Form 10-K for the year ended December 31, 2000. We hereby consent to the incorporation by reference of said report in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 and on Form S-8.

/s/ GRANT THORNTON LLP

Boston, Massachusetts

March 20, 2001

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[LOGO] UNITIL

March 13, 2001

Dear Fellow Shareholder,

The Annual Meeting of Common Shareholders is scheduled to be held on Thursday, April 19, 2001, at 10:30 A.M., at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire.

Enclosed you will find a 2000 annual report, a notice of meeting, a proxy statement and a proxy card to be used in connection with the meeting. This year, shareholders are being asked to vote on the election of three Directors.

We hope that you are able to attend the Annual Meeting. Your vote is important whether you own one share or many. Whether or not you plan to be present, we urge you to sign and promptly return the enclosed proxy card in the envelope provided.

Thank you for your continued interest in the Company.

Sincerely,

Robert G. Schoenberger

Chairman of the Board of Directors  
and Chief Executive Officer

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[LOGO] UNITIL

NOTICE OF ANNUAL MEETING OF COMMON SHAREHOLDERS

Hampton, New Hampshire  
March 13, 2001

To the Common Shareholders:

You are hereby notified that the annual meeting of common shareholders of Unitil Corporation will be held at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 19, 2001, at 10:30 A.M., for the following purposes:

1. To elect three Directors.
2. To act on such other matters as may properly come before the meeting and any adjournments thereof.

The enclosed form of proxy has been prepared at the direction of the Board of Directors of Unitil and is sent to you at its request. The persons named in said proxy have been designated by the Board of Directors.

REGARDLESS OF WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU CAN BE SURE YOUR SHARES ARE REPRESENTED AT THE MEETING BY PROMPTLY SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE, ALSO ENCLOSED. IF FOR ANY REASON YOU DESIRE TO REVOKE OR CHANGE YOUR PROXY, YOU MAY DO SO AT ANY TIME BEFORE IT IS VOTED.

The Board of Directors fixed February 22, 2001, as the date for determining holders of record of Common Stock who are thereby entitled to notice of and to vote at this meeting and any adjournments thereof.

By Order of the Board of Directors,

Mark H. Collin  
Treasurer & Secretary

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[LOGO] UNITIL  
6 Liberty Lane West  
Hampton, NH 03842-1720

March 13, 2001

Proxy Statement

ANNUAL MEETING OF COMMON SHAREHOLDERS, APRIL 19, 2001

This proxy statement is furnished in connection with the solicitation by the Board of Directors of proxies in the accompanying form for use at the 2001 annual meeting of common shareholders of Unitil Corporation (Unitil" or the Company"). Each proxy can be revoked at any time before it is voted by written notification to the Secretary of Unitil at the above address prior to the meeting, or in person at the meeting. Every properly signed proxy will be voted unless previously revoked.

Unitil presently has seven subsidiaries, Concord Electric Company (CECo"), Exeter & Hampton Electric Company (E&H"), Fitchburg Gas and Electric Light Company (FG&E"), Unitil Power Corp. (Unitil Power"), Unitil Realty Corp. (Unitil Realty"), Unitil Resources, Inc. (Unitil Resources") and Unitil Service Corp. (Unitil Service").

The annual report of Unitil for the year 2000 is enclosed herewith and includes consolidated financial statements which are not part of this proxy statement.

The voting securities of Unitil issued and outstanding on February 22, 2001, consisted of 4,740,574 shares of Common Stock, no par value, entitling the holders thereof to one vote per share. Holders of Common Stock of record on such date are entitled to notice of and to vote at the annual meeting and any adjournments thereof. A majority of the outstanding shares of Common Stock constitutes a quorum.

Except as set forth below, no person owns of record and, to the knowledge of Unitil, no person owns beneficially more than five percent of the Common Stock of Unitil which may be voted at the meeting and any adjournments thereof.

<TABLE>  
<CAPTION>

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Shares Outstanding
<S> Charles H. Tenney II 30 Cedar Road Chestnut Hill, MA 02167	<C> 270,628 (1)	<C> 5.71%

</TABLE>

NOTES:

(1) Based on information provided by Mr. Tenney. Total shares of Common Stock owned by Mr. Tenney include 3,120 shares which are held in trust under the terms of the Unitil Tax Deferred Savings and Investment Plan (401(k)). (See Other Compensation Arrangements"). Mr. Tenney has voting power only with respect to the shares credited to his account. Mr. Tenney is the former Chairman and CEO and a former Director of the Company. Mr. Tenney retired from the Board of Directors in April, 1999.

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The eleven Directors and the officers of Unitil as a group have beneficial ownership as of February 22, 2001, of 71,968 shares (1.52%) of Common Stock, of which they have direct beneficial ownership of 53,867 shares (1.14%), which excludes options to purchase 151,958 shares (3.21%) pursuant to the exercise of those options, and indirect beneficial ownership of 18,101 shares (0.38%). To the knowledge of Unitil, each Director and each officer has voting and investment power with respect to the shares directly owned. With regard to certain of the indirect beneficial ownership by said group, see the footnotes to the table contained in the section of this proxy statement entitled "As to the Election of Directors" setting forth certain information about the Directors of Unitil.

Assuming a quorum is present, the favorable vote of a majority of the shares of Common Stock represented and voting will be required for approval of all matters, including the election of Directors, which may come before the meeting.

AS TO THE ELECTION OF DIRECTORS

The By-Laws of Unitil provide for a Board of between nine and fifteen Directors divided into three classes, each class being as nearly equal in number as possible, and each with their respective terms of office arranged so that the term of office of one class expires in each year, at which time a corresponding number of Directors is elected for a term of three years. Unitil currently has eleven Directors.

The Board of Directors has a stock ownership policy of the Board that no person be nominated as a candidate for Director for election to a second term as part of the slate of Directors proposed by the Company unless he or she is a beneficial owner, either directly or indirectly, of at least 1,000 shares of Unitil Common Stock. The Board of Directors also has an age limitation policy of the Board, which has been in effect since January, 1999, such that no person be nominated as a candidate for Director for reelection as part of the slate of Directors proposed for election by the Company after he or she has reached age 70. J. Parker Rice, Jr. will not stand for reelection this year as a result of this policy.

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INFORMATION ABOUT NOMINEES FOR DIRECTORS

Each nominee has been a member of the Board of Directors since the date indicated. Proxies will be voted for the persons whose names are set forth below unless instructed otherwise. If any nominee shall be unable to serve, the proxies will be voted for such person as may be designated by management to replace such nominee. Each of the nominees has consented to being named in this proxy statement and to serve if elected. Unless otherwise indicated, all shares shown represent sole voting and investment power.

<TABLE>  
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NOMINEES FOR DIRECTORS WHOSE TERMS WILL EXPIRE IN THE YEAR 2004

	Director Since	Common Stock Owned Beneficially on February 22, 2001 (1) Shares
<S> MICHAEL J. DALTON, AGE 60	<C> 1984	<C> 71,971 (2)(3)(4)

President and Chief Operating Officer of Unitil. Mr. Dalton is also a Director, since 1996, and Secretary,

since 1997, of the University of New Hampshire Foundation.

BRUCE W. KEOUGH, AGE 44 1998 2,562

Real estate developer and private equity investor. Mr. Keough is also Chairman of the Board of Trustees of the University System of New Hampshire since 1999 (Trustee since 1997). Mr. Keough is also a former New Hampshire State Senator (1994 - 1996) and a member of the Board of Governors of New Hampshire Public Television since 1997.

EBEN S. MOULTON, AGE 54 2000 (5) 207

President of Seacoast Capital Corporation, Danvers, MA (equity investment company) since 1995. Mr. Moulton is also a Director of IEC Electronics (complex circuit boards manufacturer), a Director of PartMiner, Inc., (global distributor of computer components), a Director of Home Market Foods, and a Trustee of Colorado College, Colorado Springs, CO.

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Information About Directors  
Whose Terms of Office Continue

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	Director	Term to	Common Stock Owned
			Beneficially on February 22, 2001 (1)
	Since	Expire	Shares
<S> WILLIAM E. AUBUCHON, III, AGE 56	<C> 1999	<C> 2003	<C> 207
Chairman and Chief Executive Officer of W.E. Aubuchon Company, Inc. (retail hardware company), Westminster, MA, since 1993. Mr. Aubuchon is also a Director of the North Central Massachusetts Chamber of Commerce, since 1991, and a Director of the Mt. Wachusett Community College Foundation, Inc., Gardner, MA, since 1999.			
ALBERT H. ELFNER, III, AGE 56	1999	2002	1,362
Retired Chairman (1994-1999) and Chief Executive Officer (1995-1999) of Evergreen Investment Management Company, Boston, MA. Mr. Elfner is also a Director of Polaris International Investment Trust Company, Taipei, Taiwan, ROC. Mr. Elfner is a former Chairman and Director (1995-1999) of Keystone Trust Company, Portsmouth, NH, and a former Director (1998-1999) of Investment Mutual Insurance Company, Washington, DC.			
ROSS B. GEORGE, AGE 68	1999	2002	2,966
Chairman of the Board, since 1999 (Director since 1988) of Simonds Industries, Inc., (Simonds") Fitchburg, MA. Mr. George served as Chief Executive Officer (1995-1999) and President and Chief Operating Officer (1988-1995), also at Simonds. (industrial cutting tools manufacturing company)			
M. BRIAN O'SHAUGHNESSY, AGE 58	1998	2002	1,194
Chairman of the Board, Chief Executive Officer and President of Revere Copper Products, Inc., Rome, NY, since 1988.			
ROBERT G. SCHOENBERGER, AGE 50	1997	2003	95,261 (2)(6)(7)
Chairman of the Board and Chief Executive Officer of Unitil since 1997. Prior to his employment with Unitil, Mr. Schoenberger was President and Chief Operating Officer at the New York Power Authority (NYPA) from 1993 until 1997. Prior to 1993, Executive Vice President - Finance and Administration, also at NYPA (state owned public power enterprise). Mr. Schoenberger is also a Director of the Greater Seacoast (NH) United Way since 1998, Director of Exeter Health Resources, Exeter, NH, since 1998, Director of Enermetrix.com, Maynard, MA, since 1999, and a Director of the New England Gas Association, since 1999.			

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<TABLE>  
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	Director	Term to	Common Stock Owned
			Beneficially on February 22, 2001 (1)
	Since	Expire	Shares
<S> CHARLES H. TENNEY III, AGE 53	<C> 1992	<C> 2003	<C> 3,092

Former Director of Corporate Services (1999-2000), Log On America, Inc., Providence, RI (New England regional competitive local exchange carrier and information/Internet service provider). Mr. Tenney is the former Secretary (1997-1999) of Northern Utilities, Inc., Portsmouth, NH (natural gas distributor) and former Secretary (1997-1999) of Granite State Gas Transmission, Inc., Portsmouth, NH. Mr. Tenney is also the former Clerk (1991-1999) of Bay State Gas Company, a subsidiary of NIPSCO Industries, Inc., Merrillville, IN. (utility holding company)

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NOTES:

Except as otherwise noted, each of the persons named above has held his present position (or another executive position with the same employer) for more than the past five (5) years.

- (1) Based on information furnished to Unitil by the nominees and continuing Directors. No Director standing for election, no Director whose term is continuing and no officer owns more than one percent of the total outstanding shares.
- (2) Included are 1,903 and 4,657 shares which are held in trust for Messrs. Schoenberger and Dalton, respectively, under the terms of the Unitil Tax Deferred Savings and Investment Plan (401(k)). Messrs. Schoenberger and Dalton have voting power only with respect to the shares credited to their accounts. For further information regarding 401(k), see Other Compensation Arrangements - Tax-Qualified Savings and Investment Plan" below.
- (3) Included are 30,000 options which Mr. Dalton has the right to purchase upon the exercise of those options under the terms of the 1998 Stock Option Plan (Option Plan"). See Other Compensation Arrangements." Mr. Dalton was granted 10,000 options in March, 1999, 10,000 options in January, 2000, and 10,000 options in January, 2001, all of which will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the dates of the respective grants.
- (4) Included are 9,411 shares held by a member of Mr. Dalton's family. He has no voting rights or investment power with respect to, and no beneficial interest in, such shares.
- (5) Mr. Moulton is a Director nominee elected to the Board by the Board of Directors upon recommendation by the Executive Committee in April, 2000. Mr. Moulton has not previously been elected by the shareholders of the Company.
- (6) Included are 29,358 options which Mr. Schoenberger has the right to purchase pursuant to the exercise of those options under the terms of the 1989 Key Employee Stock Option Plan (KESOP"). For further information regarding the KESOP, see Other Compensation Arrangements" below.
- (7) Included are 60,000 options which Mr. Schoenberger has the right to purchase upon the exercise of those options under the terms of the 1998 Stock Option Plan (Option Plan"). See Other Compensation Arrangements." Mr. Schoenberger was granted 20,000 options in March, 1999, 20,000 options in January, 2000, and 20,000 options in January, 2001, all of which will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the dates of theb respective grants.

The Board of Directors met eight times in 2000. During 2000, Directors attended an average of 92% of all meetings of the Board of Directors held and of all meetings held by all Committees of the Board on which they served, if any.

Section 17(a) of the Public Utility Holding Company Act of 1935 and Section 16(a) of the Securities Exchange Act of 1934 require the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file certain reports of ownership and changes in share ownership with the Securities and Exchange Commission and the American Stock Exchange and to furnish the Company with copies of all Section 17(a) and Section

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16(a) forms they file. Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that such forms were not required for those persons, the Company believes that all filing requirements applicable to its officers and directors during 2000 and through February, 2001, were met.

Compensation of Directors  
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In 2000, members of the Board of Directors who are not officers of Unitil or any of its subsidiaries received an annual retainer fee of \$7,000 in cash and \$5,500 in Unitil Common Stock, and \$500 for each Board meeting attended. Members of the Executive Committee who are not officers of Unitil or any of its subsidiaries received an annual retainer fee of \$3,000 and \$400 for each meeting attended. The Chairman of the Executive Committee received an annual retainer fee of \$15,000, and \$400 for each meeting attended. Members of the Audit Committee and Compensation Committee received an annual retainer fee of \$1,000 and \$400 for each meeting attended. The Chairman of the Audit Committee and the Chairman of the Compensation Committee received an annual retainer fee of \$2,000, respectively, and \$400 for each meeting attended. Those Directors of Unitil who also serve as Directors of CECO, E&H or FG&E and who are not officers of Unitil or any of its subsidiaries received a meeting fee of \$100 per subsidiary meeting attended and no annual retainer fee from CECO, E&H or FG&E. All Directors are entitled to reimbursement of expenses incurred in connection with attendance at meetings of the Board of Directors and any Committee on which they serve.

As part of the Company's overall support for charitable institutions, the Company has a program which provides a perpetual gift of \$1,000 annually to the Greater Seacoast United Way (United Way") on behalf of each Director who retires from the Board. The Director(s) receive no financial benefit from this program as the charitable deductions accrue solely to the Company. In 2000, two Directors retired from the Board.

In 1999, the Board of Directors approved the Unitil Corporation Directors' Deferred Compensation Plan (Deferred Plan") for the purpose of allowing non-employee members of the Board to defer payment of all or a specified part of compensation for services performed as Directors. The Deferred Plan is administered by the Compensation Committee and stipulates that eligible Directors may elect to defer all or a portion of their cash retainer and meeting fees. Separate accounts are maintained for each Director participant, which are an unfunded liability of the Company. Additionally, accounts are credited

monthly with interest based on the current rate of 60-month Treasury bills. Funds contributed and interest credited is tax deferred until withdrawn from the Deferred Plan. Director participants may elect to withdraw funds from the Deferred Plan after a fixed amount of time, upon resignation or retirement from the Board, upon death or disability, or upon a Change in Control. Withdrawals may be taken in cash, either in one lump sum or in a series of installments. During 2000, no Directors participated in the Deferred Plan.

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#### Committees of the Board of Directors

##### Executive Committee

The Executive Committee of the Board of Directors held seven meetings in 2000. Its members are Albert H. Elfner, III, Bruce W. Keough (Chairman), Robert G. Schoenberger, Charles H. Tenney III, and Joan D. Wheeler. This Committee's responsibility is to review and oversee corporate policies related to the Company's long-range strategic business, financial and operating plans. In addition, the Executive Committee also acts as a nominating committee. In its function as a nominating committee, the Committee coordinates suggestions or searches for potential nominees for Board members; reviews and evaluates qualifications of potential Board members; and recommends to the Board of Directors nominees for vacancies occurring from time to time on the Board of Directors. The Committee will consider nominees recommended by shareholders upon timely submission of the names of such nominees with qualifications and biographical information forwarded to the Executive Committee of the Board of Directors. The Executive Committee's duties also include the review and recommendation of corporate governance standards and the annual review of Board member and CEO performance.

##### Audit Committee

The Audit Committee of the Board of Directors consists of three directors who are not officers of the Company and are independent as defined by the listing standards of the American Stock Exchange. The members of the Audit Committee are: William E. Aubuchon, III, Ross B. George and J. Parker Rice, Jr. (Chairman). The Audit Committee held four meetings in 2000 for the purpose of overseeing management's responsibilities for accounting, internal controls and financial reporting. After meeting with the independent auditors to review the scope of the audit, the annual fees, and the planned scope of future audits, the Audit Committee recommends the appointment of an independent certified public accounting firm, subject to the Board's approval, for the following fiscal year. The Report of the Audit Committee, which appears on page 8, and the Audit Committee Charter, which appears in Appendix A, more fully describe the activities and responsibilities of the Audit Committee.

##### Compensation Committee

The Compensation Committee of the Board of Directors, which held five meetings in 2000, consists of Albert H. Elfner, III (Chairman), Eben S. Moulton and M. Brian O'Shaughnessy. The duties of this Committee include studying and making recommendations to the Board of Directors with respect to base and incentive compensation plans and payments and other benefits to be paid to the officers of Unitil. The Compensation Committee's duties also include the annual review of management succession planning, administration of the Company's Stock Option Plans, administration of merit, incentive and commission compensation plans for all appropriate personnel and administration of the Directors' Deferred Compensation Plan.

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#### Report of the Audit Committee

During the fiscal year ended December 31, 2000, the Audit Committee of the Board of Directors held four meetings. The Audit Committee acts under a written Charter first adopted and approved in 1996. In accordance with the Charter, the Audit Committee is responsible for providing independent and objective oversight of the Company's accounting functions, internal controls and financial reporting. The Audit Committee also reviews and reassesses the Charter annually and adopts any amendments necessary to reflect changes in regulatory policies or its responsibilities. A copy of the Audit Committee Charter is attached to this Proxy Statement as Appendix A.

During 2000, the Audit Committee reviewed the audit plan and audit scope of both the independent auditors (Grant Thornton, LLP) and the Internal Auditor. The Audit Committee discussed the quality and adequacy of the Company's internal controls with senior management, the internal auditor and the independent auditors. These discussions also included a review of the results of the internal audits performed including follow-up on previous internal and external audit recommendations as well as an overview of any ongoing external audits. In addition, the Audit Committee retained the independent auditors to perform non-audit services. In doing so, the Audit Committee felt assured that these non-audit services would not impact the independence of the independent auditors. The fees paid to the independent auditors during 2000 are itemized below:

Audit Fees	\$119,737
All Other Fees (includes tax services, review services for investment activities, and review services for a subsidiary)	70,668

In discharging its oversight responsibility regarding the audit process, the Audit Committee obtained a written statement from the independent auditors describing all relationships between the auditors and the Company that might bear on their independence, consistent with Independence Standards Board Standard No. 1 Independence Discussions with Audit Committees." In addition, the Audit Committee discussed with the auditors any relationships that may impact their objectivity and independence and satisfied itself as to the auditors' independence. The Audit Committee also discussed and reviewed with the

independent auditors all communications required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, Communication with Audit Committees."

Management is responsible for the preparation of the Company's financial statements and the independent auditors are responsible for the audit of those statements. During 2000, the Audit Committee members received the quarterly financial information for review and comment prior to filing Form 10-Q with the Securities and Exchange Commission. In fulfilling its responsibilities for the financial statements for fiscal year 2000, the Audit Committee reviewed the audited financial statements of the Company, for the fiscal year ended December 31, 2000, with management and the independent auditors. Based on the reviews with management and the independent auditors discussed above, the Audit Committee recommended to the Board that the Company's audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2000, for filing with the Securities and Exchange Commission.

Audit Committee Members

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William E. Aubuchon, III, Ross B. George, and J. Parker Rice, Jr. (Chairman)

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Report of the Compensation Committee  
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Upon the recommendation of the Compensation Committee, the Board of Directors votes to approve the compensation of the Chief Executive Officer. The Committee reports all of its decisions to the Board. The Board unanimously has accepted each of the recommendations described below made in 2000 and to date in 2001. The Committee also votes the compensation of all other Company executive officers listed in the Summary Compensation Table, as well as other senior employees. The Board has ratified the compensation decision for these executive officers.

The overall objective of the Company's Board of Directors, and specifically this Compensation Committee, in setting compensation for Unutil's executive officers is to attract, retain and reward managers who are committed to solid financial performance and foster excellence in the management of the assets of the Company and who can successfully lead the Company as the industry undergoes unprecedented change and restructuring. To help meet these objectives, the Committee believes it is important for the Company to provide compensation to its executive officers, which varies directly with the performance of the Company.

The Company pays both base" and variable" compensation to its officers. The base component of compensation is determined under Unutil's salary policy which is reviewed from time to time by outside consultants as to its competitiveness. Variable compensation is based on factors that measure the success of the Company for any given year and is governed by Unutil's Management Incentive Plan (Incentive Plan"). The factors under the Incentive Plan provide a cash incentive opportunity if the Company meets certain targets for Core Utility Earnings (normalized), Reliability, Low Distribution Costs, Customer Satisfaction, and New Business Initiatives. The Plan also requires a subjective evaluation by the Board which rates management's performance in capitalizing on unplanned opportunities and responding to unforeseen problems. The bonus opportunities are set by level of the executive position according to other companies in the utility industry. In 2000, certain objective targets for Core Utility Earnings (normalized), Reliability, Distribution Costs, and Customer Satisfaction were met. In addition, the Committee discussed and evaluated the subject target of the Incentive Plan to determine how well the Company met the Board's expectations in dealing with challenges and opportunities in 2000. The Committee took into consideration such factors as coping with extensive regulatory issues, the bankruptcy of the largest customer, and responding to other opportunities. Upon consideration and evaluation of these and other factors, the Committee determined that an incentive payout of 85% of target would be appropriate. The payout for 2000 performance will be made during the first quarter of 2001, and will therefore be reflected on the Compensation of Officers" Table in the 2001 Proxy Statement.

In addition, to further align the interest of the Company's management with shareholders and customers, the Company, in 1998, instituted a Stock Option Plan (Option Plan"). The Option Plan provides grants of options to buy common shares of Company Stock. The Option Plan anticipates the granting of options over a period of five years, and each grant will vest over a three-year period. Each option grant is priced at the market price on the date of the grant. This plan emphasizes long-term growth of the price of the Company's common stock. In January, 2000, the Committee granted a total of 53,000 options to the members of senior management, and in February, 2000, the Committee granted an additional 2,000 options to newly promoted members of senior management.

The compensation of the Chief Executive Officer (CEO"), is governed by these same plans and objectives. As Chairman of the Board and CEO, Mr. Schoenberger was paid an annual base salary of \$278,000 in 2000. This amount, based on the terms of Mr. Schoenberger's 1997-2000

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employment agreement calling for \$245,000 per annum with an annual performance and salary review, was determined in accordance with Unutil's salary policy. Mr. Schoenberger's employment agreement with the Company is further detailed on pages 17 and 18. In connection with the Incentive Plan, Mr. Schoenberger was paid \$117,874 for performance in meeting goals set for 2000. Mr. Schoenberger's incentive compensation is evaluated using the same factors as the executive participants in the Incentive Plan, as discussed above.

The Committee periodically reviews each component of the Company's executive compensation program to ensure that pay levels and incentive opportunities are competitive and that incentive opportunities are linked to Company performance. The Company engaged a nationally known compensation consulting firm in 1998 to review the competitiveness of the total compensation package for the CEO and other executive positions. As a result of this review, the Company adopted a new salary policy, new base salary ranges, a new Management Incentive Plan (see Other Compensation Arrangements") and the Option Plan described above (see also Other Compensation Arrangements"). These new policies and plans brought the Company's compensation practices into line with

current market conditions for competitive pay levels of utility executives, and better support the achievement of the Company's mission and strategies.

Compensation Committee Members

Albert H. Elfner, III, (Chairman), Eben S. Moulton, and M. Brian O'Shaughnessy

Stock Performance Graph and Information

Comparative Five-Year Total Returns

[GRAPH OF FIVE-YEAR RETURN]

	1995	1996	1997	1998	1999	2000
Unitil	100	101.83	131.9	145.78	218.75	170.26
PEER	100	98.14	116.4	128.16	112.16	173.07
S&P	100	120.26	157.56	199.57	238.54	214.36

The graph above assumes \$100 invested on December 31, 1994, in each category and the reinvestment of all dividends during the period. The Peer Group is comprised of S&P 40 Utilities.

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Compensation of Officers

The tabulation below shows the compensation Unitil, or any of its subsidiaries, has paid to its Chief Executive Officer and its most highly compensated officers whose total annual salary and bonus were in excess of \$100,000 during the year 2000.

SUMMARY COMPENSATION TABLE

Name and Principal Position (1)	Year	Annual Compensation		Other Annual Comp. (\$)	Long Term Compensation Awards		All Other Comp. (\$)	
		Salary (\$)	Bonus (\$)(2)		Restricted Stock Awards (\$)	Options (#)		LTIP Payout
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Robert G. Schoenberger Chairman of the Board & Chief Executive Officer	2000 1999 1998	\$278,004 267,048 245,003	\$80,115 109,415 --	-- -- --	-- -- --	20,000(3) 20,000(4) --	-- -- --	\$5,639(5)
Michael J. Dalton President & Chief Operating Officer	2000 1999 1998	\$206,484 199,500 190,005	\$47,880 67,882 67,959	-- -- --	-- -- --	10,000(6) 10,000(7) --	-- -- --	\$5,880(8)
Anthony J. Baratta, Jr.(9) Senior Vice President & Chief Financial Officer	2000 1999 1998	\$167,098 159,078 107,501(10)	\$33,390 33,606 --	-- -- --	-- -- --	5,000(11) 10,000(12) --	-- -- --	\$5,619(13)
George R. Gantz Senior Vice President, Unitil Service	2000 1999 1998	\$138,372 132,420 120,399	\$23,836 32,261 39,314	-- -- --	-- -- --	2,500(14) 2,500(15) --	-- -- --	\$4,321(16)
Mark H. Collin Treasurer & Secretary	2000 1999 1998	\$107,000 90,761 83,738	\$15,882 14,278 18,008	-- -- --	-- -- --	1,500(17) 1,500(18) --	-- -- --	\$3,881(19)

</TABLE>

NOTES:

- Officers of the Company also hold various positions with subsidiary companies. Compensation for those positions is included in the above table.
- Bonus amounts reflected are comprised of the Unitil Management Incentive Plan (Incentive Plan) cash awards paid in February, 2000, for 1999 results. The terms of the Incentive Plan provide a cash incentive opportunity if the Company meets certain pre-established performance targets (see Other Compensation Arrangements").
- Options were granted in January, 2000, under the 1998 Stock Option Plan (Option Plan"). Options will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the date of the grant. As of February, 2001, 5,000 options are vested and exercisable.
- Options were granted in March, 1999, under the Option Plan. Options will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the date of the grant. As of February, 2001, 5,000 options are vested exercisable.
- All Other Compensation for Mr. Schoenberger for the year 2000 includes 401 (K) company contribution, and Group Term Life Insurance payment valued at \$5,100 and \$539, respectively.
- Options were granted in January, 2000, under the Option Plan. Options will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the date of the grant. As of February, 2001, 2,500 options are vested and exercisable.
- Options were granted in March, 1999, under the Option Plan. Options will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the date of the grant. As of February, 2001, 2,500 options are vested and exercisable.
- All Other Compensation for Mr. Dalton for the year 2000 includes company contribution and Group Term Life Insurance payment, and valued at \$4,151 and \$170, respectively.
- Options were granted in January, 2000, under the Option Plan. Options will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the date of the grant. As of February, 2001, 375 options are

vested and exercisable. (18) Options were granted in March, 1999, under the Option Plan. Options will vest at a rate of 25% in year one, 25% in year two, and 50% in year three, following the date of the grant. As of February, 2001, 375 options are vested and exercisable. (19) All Other Compensation for Mr. Collin for the year 2000 includes 401(K) company contribution and Group Term Life Insurance payment, valued at \$3,686 and \$195, respectively.

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Other Compensation Arrangements

The table below provides information with respect to options granted in fiscal 2000 under the 1998 Stock Option Plan (See also Other Compensation Arrangements") to the named executive officers in the Summary Compensation table. The Company has no compensation plan under which Stock Appreciation Rights (SARs") are granted and thus reference to SARs has been omitted from the table.

OPTION GRANTS IN LAST FISCAL YEAR

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(a) Name	Individual Grants		Option Price		(e) Exp. Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
	(b) Number of Securities Underlying Options Granted (#)	(c) % of Total Options Granted to Employees in Fiscal Year	(d) Exercise or Base Price (\$/Sh)	(d) Market Price on Date of Grant		(f) 5% (\$)	(g) 10% (\$)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Robert G. Schoenberger Chairman of the Board & Chief Executive Officer	20,000	36.4%	\$32.13	\$32.13	1/17/10	\$404,838	\$1,024,112
Michael J. Dalton President & Chief Operating Officer	10,000	18.2%	\$32.13	\$32.13	1/17/10	\$202,419	\$512,056
Anthony J. Baratta, Jr. Vice President & Chief Operating Officer	5,000	9.1%	\$32.13	\$32.13	1/17/10	\$101,210	\$256,028
George R. Gantz Senior Vice President Unitil Service	2,500	4.5%	\$32.13	\$32.13	1/17/10	\$50,605	\$128,014
Mark H. Collin Treasurer & Secretary	1,500	2.8%	\$32.13	\$32.13	1/17/10	\$30,363	\$76,808

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The table below provides information with respect to the value of unexercised options granted in prior years under the Key Employee Stock Option Plan (KESOP") and the value of unexercised options granted in prior years and in 2000 under the 1998 Stock Option Plan (Option Plan"), respectively, to the named executive officers in the Summary Compensation Table and held by them as of December 31, 2000.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR (FY)  
AND FY-END OPTION VALUES (2)

<TABLE>

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Name	Shares Acquired on	Value	Number of Unexercised Options at FY-End (#)		Value of Unexercised In-the-Money Options at FY-End (\$)	
	Exercise (#)	Realized (\$)	Exercisable/Unexercisable	Exercisable/Unexercisable	Exercisable/Unexercisable	Exercisable/Unexercisable
(a)	(b)	(c)	(d)	(d)	(e)	(e)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Robert G. Schoenberger Chairman of the Board & Chief Executive Officer	--	--	exercisable	35,000(3)(4)	exercisable	\$263,250
	--	--	unexercisable	30,000	unexercisable	(\$37,500)
Michael J. Dalton President & Chief Operating Officer	--	--	exercisable	5,000	exercisable	(\$6,250)
	--	--	unexercisable	15,000	unexercisable	(\$18,750)
Anthony J. Baratta, Jr. Senior Vice President & Chief Financial Officer	--	--	exercisable	3,750	exercisable	\$781
	--	--	unexercisable	11,250	unexercisable	\$2,344
George R. Gantz Senior Vice President, Unitil Service	--	--	exercisable	1,250	exercisable	(\$1,563)
	--	--	unexercisable	3,750	unexercisable	(\$4,688)
Mark H. Collin Treasurer & Secretary	--	--	exercisable	750	exercisable	(\$938)
	--	--	unexercisable	2,250	unexercisable	(\$2,813)

</TABLE>

NOTES:

(1) The KESOP authorizes the Compensation Committee to provide in the award agreements that the participant's right to exercise the options provided for therein will be accelerated upon the occurrence of a "Change in Control" of Unitil. The term "Change in Control" is defined in substantially the same manner as in the Severance Agreements as defined on page 17. Award agreements entered into with participants in the KESOP

contain such a Change in Control" provision. Award agreements also provide that, upon the exercise of an option on or after a Change in Control, Unitil shall pay to the optionee, within five business days, a lump sum cash amount equal to the economic benefit of the optionee's outstanding options and associated dividend equivalents that the optionee would have received had the option remained unexercised until the day preceding the expiration of the grant. Upon the exercise of any option by an employee and upon payment of the option price for shares of Unitil Common Stock as to which the option was granted (the Primary Shares"), Unitil will cause to be delivered to such employee (i) the Primary Shares and (ii) the number of shares of Unitil Common Stock (the Dividend Equivalent Shares") equal to the dollar amount of dividends which would have been paid on the Primary Shares (and previously accrued Dividend Equivalent Shares) had they been outstanding, divided by the fair market value of Unitil Common Stock determined as of the record date for each dividend. All options, with the exception of Mr. Schoenberger's options (see Note 3), associated with the KESOP were exercised as of March 7, 1999.

- (2) The Option Plan authorizes the Compensation Committee to provide in the award agreements that the participant's right to exercise the options provided for therein will be accelerated upon the occurrence of a Change in Control of Unitil, and will become 100% vested and fully exercisable. The term Change in Control" is defined in substantially the same manner as in the Severance Agreements as defined on pages 16 and 17. All of the award agreements entered into with participants in the Option Plan to date contain such a Change in Control" provision. The options reported in the table were granted in March, 1999, and January, 2000, under the Option Plan.
- (3) In accordance with the terms of Mr. Schoenberger's employment agreement, on November 3, 1997, he received 25,000 options to purchase shares of Company stock under the KESOP. The options granted to Mr. Schoenberger became exercisable on November 3, 1998. In 1998, the Compensation committee extended the expiration date of Mr. Schoenberger's options until November 3, 2007 (ten years from the date of the grant), because the Option Plan originally provided ten years between the grant and expiration of options.

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NOTES, continued:

- (4) Mr. Schoenberger's 25,000 exercisable KESOP options listed in column (d) in the table above do not include non-preferential dividend equivalents earned under the provisions of the KESOP and associated with options outstanding.

In December, 1998, the Unitil Board of Directors adopted the Unitil Corporation 1998 Stock Option Plan (Option Plan"). The Company intends to grant stock options each year through March 1, 2004 under the plan to certain employees and directors, for the purchase of up to 350,000 shares of Unitil Common Stock. To date, grants were made to certain management employees in March, 1999, January, 2000, and January 2001. Each option grant will vest over a three year period and each grant will expire ten years after the date of grant.

The purpose of the Option Plan is to provide an incentive to key employees and directors of Unitil and its affiliates who are in a position to contribute materially to the long-term success of Unitil and/or its affiliates, to increase their interest in the welfare of Unitil and its affiliates, and to attract and retain employees and directors of outstanding ability. The Compensation Committee will administer the plan. The Committee has the authority to interpret the plan and to designate recipients of the stock options.

Stock options granted under the Option Plan will entitle the holders of those options to purchase up to the number of shares of common stock specified in the grant at a price established by the Committee. All grants will be issued at 100% of market value. Under the Option Plan, stock options for shares constituting not more than five percent of the common stock may be issued in any one year.

The Company adopted a new Management Incentive Plan and a new Employee Incentive Plan in December, 1998, to provide cash incentive payments which are tied directly to achievement of the Company's strategic goals. Annual goals are established each year by the Board of Directors and payment of awards is made in February of the year following achievement of the goals. Target incentive payments have been established which vary based upon the grade level of each position. Actual awards can be less than or greater than the target payout depending upon actual results achieved.

Unitil maintains a tax-qualified defined benefit pension plan and related trust agreement (the Retirement Plan"), which provides retirement annuities for eligible employees of Unitil and its subsidiaries. Since the Retirement Plan is a defined benefit plan, no amounts were contributed or accrued specifically for the benefit of any officer of Unitil under the Retirement Plan. Directors of Unitil who are not and have not been officers of Unitil or any of its subsidiaries are not eligible to participate in the Retirement Plan.

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The table below sets forth the estimated annual benefits (exclusive of Social Security payments) payable to participants in the specified compensation and years of service classifications, assuming continued active service until retirement. The average annual earnings used to compute the annual benefits are subject to a \$170,000 limit.

PENSION PLAN TABLE

<TABLE>

<CAPTION>

Average Annual Earnings Used for Computing Pension	ANNUAL PENSION			
	10 Years of Service	20 Years of Service	30 Years of Service	40 Years of Service
<S>	<C>	<C>	<C>	<C>
\$100,000	20,000	40,000	50,000	55,000
125,000	25,000	50,000	62,500	68,750
150,000	30,000	60,000	75,000	82,500

&lt;/TABLE&gt;

The present formula for determining annual benefits under the Retirement Plan's life annuity option is (i) 2% of average annual salary (average annual salary during the five consecutive years out of the last twenty years of employment that give the highest average salary) for each of the first twenty years of benefit service, plus (ii) 1% of average annual salary for each of the next ten years of benefit service and (iii) 1/2% of average annual salary for each year of benefit service in excess of thirty, minus (iv) 50% of age 65 annual Social Security benefit (as defined in the Retirement Plan), and (v) any benefit under another Unitil retirement plan of a former employer for which credit for service is given under the Retirement Plan. A participant is eligible for early retirement at an actuarially reduced pension upon the attainment of age 55 with at least 15 years of service with Unitil or one of its subsidiaries. A participant is 100% vested in his benefit under the Retirement Plan after 5 years of service with Unitil or one of its subsidiaries. As of January 1, 2001, Messrs. Schoenberger, Dalton, Baratta, Gantz and Collin had 3, 33, 3, 17 and 12 credited years of service, respectively, under the Retirement Plan.

Unitil also maintains a Supplemental Executive Retirement Plan ("SERP"), a non-qualified defined benefit plan. SERP provides for supplemental retirement benefits to executives selected by the Board of Directors. At the present time, Messrs. Schoenberger and Dalton are eligible for SERP benefits upon attaining normal or early retirement eligibility. Annual benefits are based on a participant's final average earnings less the participant's benefits payable under the Retirement Plan, less other retirement income payable to such participant by Unitil or any previous employer and less income that a participant receives as a primary Social Security benefit. Early retirement benefits are available to a participant, with the Unitil Board's approval, if the participant has attained age 55 and completed 15 years of service. Should a participant elect to begin receiving early retirement benefits under SERP prior to attaining age 60, the benefits are reduced by 5% for each year that commencement of benefits precedes attainment of age 60. If a participant terminates employment for any reason prior to retirement, the participant will not be entitled to any benefits. Under the SERP, Messrs. Schoenberger and Dalton would be entitled to receive an annual benefit of \$30,372 and \$21,268, respectively, assuming normal retirement at age 65 and that their projected final average earnings are equal to the average of their respective three consecutive years of highest compensation prior to retirement.

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Unitil and certain subsidiaries maintain severance agreements (the "Severance Agreements") with certain management employees, including Executive Officers. The Severance Agreements are intended to help assure continuity in the management and operation of Unitil and its subsidiaries in the event of a proposed Change in Control. Each Severance Agreement only becomes effective upon the occurrence of a Change in Control of Unitil as defined in the Severance Agreements. If an employee's stipulated compensation and benefits, position, responsibilities and other conditions of employment are reduced during the thirty-six month period following a Change in Control, the employee is entitled to a severance benefit.

The severance benefit is a lump sum cash amount equal to (i) the present value of three years' base salary and bonus; (ii) the present value of the additional amount the employee would have received under the Retirement Plan if the employee had continued to be employed for such thirty-six month period; (iii) the present value of contributions that would have been made by Unitil or its subsidiaries under the 401(k) if the employee had been employed for such thirty-six month period; and (iv) the economic benefit on any outstanding Unitil stock options and associated dividend equivalents, if applicable, assuming such options remained unexercised until the day preceding the expiration of the grant, including the spread on any stock options that would have been granted under the Option Plan if the employee had been employed for such thirty-six month period. Each Severance Agreement also provides for the continuation of all employee benefits for a period of thirty-six months, commencing with the month in which the termination occurred. In addition, pursuant to each Severance Agreement, Unitil is required to make an additional payment to the employee sufficient on an after-tax basis to satisfy any additional individual tax liability incurred under Section 280G of the Internal Revenue Code of 1986, as amended, with respect to such payments.

The Company entered into an employment agreement with Mr. Schoenberger on November 1, 1997. The term of the agreement was for three years with an expiration date of October 31, 2000. Under the terms of the 1997 employment agreement (the "1997 Agreement"), Mr. Schoenberger received an annual base salary of \$245,000 which was subject to annual review by the Board for discretionary periodic increases in accordance with the Company's compensation policies. Mr. Schoenberger was entitled to participate in the Company's SERP, Executive Supplemental Life Insurance Program and all other employee benefit plans made available by the Company. On November 3, 1997, Mr. Schoenberger also received 25,000 options to purchase shares of Company stock under the Company's 1989 Key Employee Stock Option Plan (KESOP). In 1998, the Compensation Committee extended the expiration date of the options granted to Mr. Schoenberger under the KESOP until November 3, 2007. Said options were originally set to expire on March 7, 1999. Mr. Schoenberger was reimbursed for all reasonable interim living and reasonable travel expenses during 1997 and 1998. In addition, in 1998, Mr. Schoenberger was reimbursed for all direct moving expenses and received \$50,000 when he relocated to the area, as was stipulated in the terms of the 1997 Agreement. The 1997 Agreement also provided that the Company and Mr. Schoenberger enter into a Severance Agreement, more fully described above. Mr. Schoenberger and the Company entered into said Severance Agreement on February 6, 1998. According to the 1997 Agreement, the Company, by action of the Board, may terminate Mr. Schoenberger's employment for any reason. If Mr. Schoenberger's employment had been terminated by the Company during the term of the 1997 Agreement for any reason other than Cause, death or disability, the Company would have been obligated to pay Mr. Schoenberger's base pay at the rate in effect on the date of employment termination and benefits until the end of the term of the 1997 Agreement, or if employment termination was after November 1, 1999, for one year.

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Upon the expiration of the 1997 Agreement, the Company entered into a employment agreement (the "2000 Agreement") with Mr. Schoenberger on November 1, 2000. The term of the agreement is for three years with an expiration date of October 31, 2003. Under the terms of the 2000 Agreement, Mr. Schoenberger will receive an annual base salary of \$292,000 which is subject to annual review by

the Board for discretionary periodic increases in accordance with the Company's compensation policies. Mr. Schoenberger is entitled to continued participation in the Company's SERP, Executive Supplemental Life Insurance Program and all other employee benefit plans made available by the Company. The 2000 Agreement provides that Mr. Schoenberger shall participate in the Management Incentive Plan, which is described on page 15, and the Option Plan, which is described on page 15, or any stock option or similar plan of the Company. The agreement also provides that the Severance Agreement, entered into on February 6, 1998, by and between Mr. Schoenberger and the Company, remain in effect. The Severance Agreement is more fully described on page 17. The 2000 Agreement also provides that the Company, by action of the Board, may terminate Mr. Schoenberger's employment for any reason. If Mr. Schoenberger's employment is terminated by the Company during the term of the agreement for any reason other than Cause, death or disability, or if Mr. Schoenberger terminates his employment because of Constructive Termination, the Company shall pay Mr. Schoenberger a combination of (i) base pay at the rate in effect on the date of employment termination, (ii) an annual amount equal to the average of the annual bonus amounts received by Mr. Schoenberger in the two calendar years preceding the year in which termination occurs, and (iii) benefits, in each case for a period of two years following the date of termination. If during such two-year period Mr. Schoenberger shall secure full-time employment, the Company's obligation to provide benefits shall cease. All such payments described above will be made in accordance with the Company's regular payroll policies.

AS TO OTHER MATTERS TO COME BEFORE THE MEETING  
-----

The Board of Directors does not intend to bring before the meeting any matters other than the one referred to above and knows of no other matters which may properly come before the meeting. If any other matters or motions come before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote such proxy in accordance with their judgment on such matters or motions, including any matters dealing with the conduct of the meeting.

The Board of Directors has selected and employed the firm of Grant Thornton as Unitil's independent certified public accountants to audit Unitil's financial statements for the fiscal year 2000. A representative of the firm will be present at the meeting and will be available to respond to appropriate questions. It is not anticipated that such representative will make a prepared statement at the meeting; however, he will be free to do so if he so chooses.

Any proposal submitted by a shareholder of Unitil for inclusion in the proxy material for the 2002 annual meeting of shareholders must be received by Unitil at its Corporate Headquarters not later than December 19, 2001.

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SOLICITATION, REVOCATION AND USE OF PROXIES  
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Shares of Unitil Common Stock represented by properly executed proxies received by Unitil prior to or at the meeting will be voted at the meeting in accordance with the instructions specified on the proxies. If no instructions are specified on such proxies, shares will be voted FOR the election of the nominees for Directors. Abstentions and non-votes will have the same effect as negative votes.

Any Unitil shareholder who executes and returns a proxy has the power to revoke such proxy at any time before it is voted by filing with the Secretary of Unitil, at the address of Unitil set forth above, written notice of such revocation or a duly executed proxy bearing a later date, or by attending and voting in person at the meeting. Attendance at the meeting will not in and of itself constitute a revocation of a proxy.

Unitil will bear the costs of solicitation by the Board of Directors of proxies from Unitil shareholders. In addition to the use of the mail, proxies may be solicited by the Directors, officers and employees of Unitil by personal interview, telephone, telegram or otherwise. Such Directors, officers and employees will not be additionally compensated, but may be reimbursed for out-of-pocket expenses in connection with such solicitation. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Unitil may reimburse such custodians, nominees and fiduciaries for reasonable out-of-pocket expenses in connection therewith.

By Order of the Board of Directors,

Mark H. Collin  
Treasurer & Secretary

-----  
Unitil will furnish without charge to any shareholder entitled to vote and to any beneficial owner of shares entitled to be voted at the annual meeting of common shareholders, to be held April 19, 2001, a copy of its annual report on Form 10-K, including financial statements and schedules thereto, required to be filed with the Securities and Exchange Commission for the fiscal year 2000, upon written request to Mark H. Collin, Treasurer, Unitil Corporation, 6 Liberty Lane West, Hampton, NH 03842-1720.  
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APPENDIX A  
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Unitil Corporation  
AUDIT COMMITTEE  
CHARTER OF DUTIES AND RESPONSIBILITIES  
-----

The Audit Committee is a standing committee of the Board of Directors. The committee is comprised of three non-management Directors and holds a minimum of two scheduled meetings during each calendar year.

The principal functions of the Audit Committee are:

- (a) To make recommendations to the Board of Directors regarding the engagement of the Company's independent auditor after reviewing management's evaluation and recommendation of the auditor and their independence, and to review the arrangements for and scope of the independent audit and the fees proposed for such audit, as well as the scope and proposed fees for additional non-audit services.
- (b) To ensure receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1.
- (c) To actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor.
- (d) To review the results of the audit engagement with the independent auditor, their Memorandum of Advisory Comments and Management's responses thereon.
- (e) To review with the Company's management and the independent auditor the accounting principles applied or to be applied in financial reporting, and to review and approve any major policy changes affecting the Company's financial presentation.
- (f) To review and approve the annual internal audit plan and to review the results of internal audits and comments on the Company's system of internal controls and compliance therewith.
- (g) To review implementation and/or resolution of previous internal and external audit recommendations.
- (h) To report activities of the Committee to the Board of Directors and make such recommendations and findings concerning any audit or related matters as it deems appropriate.
- (i) To meet periodically with the independent and/or internal auditors to discuss any matters that the Committee and/or the auditors wish to discuss in Executive session.
- (j) To maintain final approval authority over any proposed terminations involving the Internal Audit Services function.

The members of the Audit Committee are not employees of the Company and, in the opinion of the Board of Directors, are free of any relationship that would interfere with the exercise of independent judgment as a member of the Audit Committee.

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The Audit Committee represents the Board of Directors, discharging its responsibility of oversight of the financial reporting process by carrying out the above functions. The existence and activities of the committee, however, does not alter the traditional roles and responsibilities of the Company's management and the independent auditor with respect to the accounting and internal control functions and financial statement presentation.

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[LOGO] UNITIL  
C/O EQUISERVE  
P.O. BOX 9398  
BOSTON, MA 02205-9398

THIS IS YOUR PROXY. YOUR VOTE IS IMPORTANT.

Regardless of whether or not you plan to attend the Annual Meeting of Shareholders, you can be sure your shares are represented at the Meeting by promptly returning your proxy (attached below) in the enclosed envelope. Thank you for your attention to this important matter.

Directions to Unitil's Corporate Headquarters

6 LIBERTY LANE WEST  
HAMPTON, NEW HAMPSHIRE

FROM ROUTE 95

Take New Hampshire Exit 2. Immediately after the toll booth (50 cents) bear left onto Rte. 101 East. Cross back over Rte. 95, then take the first right, follow signs for Liberty Lane/Rte. 27. Take the first left to the Liberty Lane entrance. Stay right on the access road until it crosses under Rte. 95, then turn left at the Liberty Lane West sign. Continue straight, 1/2 mile to Unitil on the right.

FROM ROUTE 101 EAST

Cross over Rte. 95, then take the first right, following signs for Liberty Lane/Rte. 27. Take the first left to the Liberty Lane entrance. Stay right on the access road until it crosses under Rte. 95, then turn left at the Liberty Lane West sign. Continue straight, 1/2 mile to Unitil on the right.

PLEASE CALL 800/999-6501 IF YOU WOULD LIKE ADDITIONAL INFORMATION

DETACH HERE

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[X] Please mark votes as in this example.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN BELOW. IF NO INSTRUCTIONS ARE GIVEN, THIS PROXY WILL BE VOTED IN FAVOR OF THE ELECTION OF THE THREE DIRECTORS LISTED IN ITEM 1. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR" EACH OF THE NOMINEES LISTED BELOW.

<TABLE>

<S> 1.To elect three Directors:
Nominees: (01) Michael J. Dalton, (02) Bruce W. Keough, (03) Eben S. Moulton

FOR ALL [ ] NOMINEES WITHHELD [ ] FROM ALL NOMINEES

MARK HERE IF YOU PLAN TO ATTEND THE MEETING [ ]

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT [ ]

Please sign exactly as your name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

PLEASE RETURN THIS PROXY PROMPTLY.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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PROXY

UNITIL CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, revoking all previous proxies, hereby appoints ANTHONY J. BARATTA, JR., MARK H. COLLIN, MICHAEL J. DALTON and ROBERT G. SCHOENBERGER, and each of them, proxies with power of substitution to each, to vote for the undersigned at the Annual Meeting of Common Shareholders of Unitil Corporation (the Company") to be held at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire on Thursday, April 19, 2001, at 10:30 A.M., and at any and all adjournments thereof, with all powers the undersigned would possess if personally present and voting and particularly with respect to the matters set forth on the reverse side hereof.

PLEASE MARK, SIGN AND DATE THIS PROXY CARD ON THE REVERSE SIDE HEREOF AND RETURN PROMPTLY USING THE ENCLOSED ENVELOPE.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

SEE REVERSE SIDE

SEE REVERSE SIDE

# AGREEMENT

BETWEEN

**Unitil/CONCORD ELECTRIC COMPANY**

AND

**LOCAL UNION NO. 1837**

**INTERNATIONAL BROTHERHOOD**

**OF ELECTRICAL WORKERS**

**JUNE 1, 2000 through MAY 31, 2005**



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## PREAMBLE

AGREEMENT made and entered into this 1<sup>st</sup> day of June, 2000 and between Unitil/CONCORD ELECTRIC COMPANY, a New Hampshire corporation hereinafter referred to as the "Company," and Local Union No. 1837 of INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS and the EMPLOYEES OF THE COMPANY who have designated Local Union No. 1837 of the International Brotherhood of Electrical Workers to act for them as their collective bargaining agent, all hereinafter referred to as the "Union."

WHEREAS, the Union represents a majority of the employees of the Company in the Line Department, Meter Department, Service Center (Station Attendants, Maintenance Workers, Stock Clerks and Operation Office Clerk only), and Meter Readers, and has been designated by said majority to be the exclusive representative of all employees of the said departments for the purpose of collective bargaining in respect to rates of pay, wages, hours of work and other conditions of employment, and

WHEREAS, both the Company and the Union desire to promote harmony and efficiency in the working forces so that the employees and the Company may obtain mutual economic advantages consistent with the duty of the Company, as a public utility, at all times to provide an adequate and uninterrupted supply of electric service in the territory and communities which it serves.

NOW THEREFORE, in consideration of the mutual covenants and Agreements hereinafter set forth, it is agreed as follows:

## **ARTICLE 1 RECOGNITION OF UNION AND UNION SECURITY**

### 1.1 Recognition of Union

The Company recognizes the Union to be the exclusive representative of all employees in the Line Department, Meter Department, Service Center (Station Attendants, Maintenance Workers, Stock Clerks and Operation Office Clerk only)

and Meter Readers holding the positions set forth on the attached "Schedule of Wages," for the purpose of collective bargaining.

### 1.2 Union Security

All employees who are at present members of the Union or may hereinafter become members of the Union shall remain members of the Union during the term of this agreement as a condition of their employment by the Company. New employees covered by this agreement shall be required to apply for membership in the Union at the end of ninety (90) days of continuous employment and remain members of the Union as a condition of their continued employment during the term of this agreement, and the Union agrees to accept such new employees into membership in the Union in accordance with its By-Laws. The term "member" is understood to be a Union member whose dues are paid in accordance with the By-Laws and Constitution of the Union.

### 1.3 Payroll Deduction for Union Dues

The Company agrees to make weekly payroll deductions for Union dues upon written authorization of employees who are Union members with their signatures properly witnessed and to forward monthly the amounts so deducted to the Union.

(Exhibit B). The Company further agrees to provide on a monthly basis to the Chief Steward and the Union Business Office a report listing Union members, position titles and dues paid that month.

## **ARTICLE 2 DIRECT DEPOSIT & 401(k) Plan**

### 2.1 Direct Deposit

The Company agrees to offer direct deposit of up to eight (8) accounts to employees upon written authorization by employees.

### 2.2 401(k) Plan

Employees may participate in the Company's 401(k) Plan in accordance with

the terms of Unitil Corporation Tax Deferred Savings and Investment Plan as amended and restated from time-to-time. The complete details relating to this plan are contained in the Plan's Summary Description and in the Plan Document, which are incorporated herein by reference.

The Company agrees to make payroll deductions for contributions to the duly-

established 401(k) Plan upon written authorization by regular employees and to forward the amounts so deducted to the 401(k) Plan in accordance with such authority. Employees may elect to contribute between 1% and 15% of either their base wages or total wages to the plan, in increments of 1%. The Company matches 100% of the first 3% of base wages that the employees contribute to the plan. Employees become partially vested in Company matching contributions after one year of Vesting Service and are fully vested in Company matching contributions after three years of Vesting Service.

The Company reserves the right to make changes to the Plan during the term of

this Agreement with the understanding that such changes will not decrease the amount of benefits provided to Plan members. The Company agrees that no changes will be made to the plan without prior notification to the Union.

## **ARTICLE 3 WAGES AND HOURS**

### 3.1 Hours of Work and Premium Pay.

(a) For all employees the normal work week shall consist of forty (40) hours worked Monday through Friday, and the normal workday shall consist of eight (8) hours worked from 7 a.m. to 3 p.m. with a fifteen (15) minute lunch period, except the workday for the meter order truck operator(s) which shall be from 9 a.m. to 5 p.m. with a fifteen (15) minute lunch period; the evening Station Attendant which shall be from 3 p.m. to 11 p.m.; and Meter Readers which shall be from 8 a.m. to 4 p.m. with a fifteen (15) minute lunch period. (Meter Readers will be allowed, by mutual agreement, to work summer hours of 7 a.m. to 3 p.m., during the months of June, July, and August). The Utility Lineworkers hours may be changed by mutual agreement of the parties.

(b) Winter hours for all employees shall consist of forty (40) hours worked Monday through Friday, and the winter hours workday shall consist of eight (8) hours worked from 7:30 a.m. to 3:30 p.m. with a fifteen (15) minute lunch period for the calendar months of December, January and February. Not included in Winter hours, Station Attendant, Meter Readers and Meter Order truck. Utility Lineworker hours year round consist of forty (40) hours worked Monday through Friday 3 p.m. to 11 p.m. or Tuesday through Friday 3 p.m. to 11 p.m. and Saturday 7 a.m. to 3 p.m. Assigned schedule is at Company's discretion. Exception to Utility Lineworker start time shifts to 3:30 p.m. if assigned line truck is on a "4-10" schedule.

Meeting day (safety meeting & Employee Information Meeting) occurring April through September. All employees, all workday schedules start time shifts to 7 a.m. with 48 hours prior notice. Four (4) day, ten (10) hour work week optional schedule during the calendar months of April through September for Lineworkers and Meter Mechanics shall consist of forty (40) hours worked, Monday through Thursday or Tuesday through Friday, and the normal workday shall consist of ten (10) hours worked, straight time pay, with a fifteen (15) minute lunch period. The Company will determine which projects are appropriate for a 4-10 schedule, including the number of employees assigned. The 4-10 schedule must have mutual agreement between Company and Union to institute and continue. Use of the 4-10 schedule must accommodate the availability of two (2) line crews and two (2) meter mechanics working each workday, Monday through Friday. A work week that has a fixed holiday will not be included in the 4-10 scheduling.

(c) Time and one-half shall be paid to all employees for all hours worked outside the normal workday except Sundays and holidays which shall be double time.

(d) For Station Attendants, the normal work week shall consist of forty (40) hours, Monday through Friday, and the normal workday shall consist of eight (8) consecutive hours worked in a twenty-four (24) hour period commencing with the beginning of the employee's regularly scheduled hours. Station Attendants shall receive time and one-half for all hours worked in excess of eight (8) in any workday or forty (40) in any one week: provided, however, that if a Station Attendant voluntarily works two work schedules in a single workday or mutually agrees to work two consecutive work schedules, straight time only shall be paid for the second work schedule.

(e) A Station Attendant required to work on either the first or second regularly scheduled consecutive days off shall be paid at time and one-half normal rate of pay for work on the first day, and at two (2) times normal rate of pay for work on the second day. Premium pay will not be paid to an employee who is absent from work on the scheduled day for which such premium would have been payable.

(f) The Union agrees that the Station Attendants may be trained by the Company by the trading of work schedules for short periods of time not to exceed one week of duration. Upon mutual agreement between them and the Company, Station Attendants who desire to trade work schedules will be permitted to do so temporarily from time to time, provided that such temporary interchange is completed within a payroll week so that it does not lead to or require the payment of overtime. The Meter Worker with the least seniority will be the primary backup for the Station Attendant. Notices will be given 48 hours in advance otherwise overtime will be paid unless it's the employee's normal work shift.

(g) Nothing in this provision shall be interpreted to interfere with the Company's right to temporarily assign work, including the right to temporarily assign employees to perform work on an emergency basis outside their normally scheduled hours. The Company shall provide as much notice as possible in the event it implements this section.

(h) The hours for the meter order truck operator(s) may be changed to 7 a.m. to 3 p.m. for the days that the Utility Lineworker I is working second shift weekdays. For all other times, the meter order truck operator(s) hours will be per 3.1 (a).

(i) When a Lineworker I is temporarily filling the position of Utility Lineworker the employee will be paid at the Utility Lineworker's I rate of pay.

### 3.2 Shift Premium

Employees required to work the 3 p.m. to 11 p.m. schedule shall receive seventy-five (\$.75) cent per hour premium under the terms of the Shift Differential Pay Policy HR 1.19, effective June 1, 2000. This premium will only be paid for hours worked between 3 p.m. and 11 p.m.

### 3.3 Minimum Pay for Employees Called In

When an employee is called in to work outside their regularly scheduled work hours, the employee shall receive a minimum amount of pay as provided in the two following paragraphs:

(a) All Workers: If a worker is called out to work outside of their normal working hours, the employee will receive a minimum of four (4) hours pay at straight time rates. If called to work between the hours of 12 midnight and 6 a.m., the employee will receive a minimum of six (6) hours pay at straight time rates. It is understood that such minimums do not apply if the callout is within one hour of the start of the employee's regular period of work. If the employee reports on a day during which the employee is not regularly scheduled to work, the employee shall receive minimum pay in accordance with the time periods in the preceding sentence.

(b) An employee who is required to continue working after the scheduled quitting time shall not receive minimum pay under paragraph (a). An employee who reported during the period of one hour immediately preceding the scheduled starting time shall not receive minimum pay under paragraph (a) if the employee remains on duty continuously until the scheduled starting time, but shall receive time and one-half for such period. In computing hours worked, time shall begin immediately when the employee reports at his/her station and shall end when relieved from duty upon completion of emergency work.

### 3.4 Holidays

(a) Holiday Pay is provided under the terms of the Holiday Pay Policy HR 1.24, effective June 1, 2000. Holidays shall be considered to be the following days:

New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, The Day after Thanksgiving and Christmas Day.

(b) Four (4) additional days each year will be designated as "Floating Holidays", subject to the same provisions of this Agreement as any other designated holiday. The approval of all floating holidays will be in accordance with the Company's Policies and Procedures for vacation and floating holiday scheduling.

(c) As used in this section, "Holiday Pay" means eight hours pay at the employee's regular straight time rate of pay.

(d) If a holiday falls on a day on which an employee is not regularly scheduled to work and the employee does not work on such a holiday, the employee shall receive Holiday Pay or by mutual agreement a day off in lieu of such Holiday Pay; provided, however, that the Company shall have no obligation to grant a particular day off if the granting of such day off would require the Company to pay a premium rate of pay to another employee to fill in for the employee taking the day off.

### 3.5 Vacations

Vacation Pay is provided under the terms of the Vacation Pay Policy HR 1.20, effective June 1, 2000.

The schedule below illustrates the accrual of the vacation leave benefit:

<u>Completed Years of Service</u>	<u>Entitlement</u>	<u>Monthly Accrual</u>
0 - 4 years	2 weeks	.833 days/month
5 - 9 years	3 weeks	1.25 days/month
10 - 19 years	4 weeks	1.67 days/month
20 + years	5 weeks	2.08 days/month

Employees earn the Monthly Accrual if they are employed for the entire month and are not on leave of absence without pay.

(a) Each employee shall have the right during the period from January 1 through April 30 of each year to express in writing their desire as to the scheduling of vacation. Length of continuous service shall govern the order in which such preferences shall be considered.

(b) Unscheduled vacation days available to an employee and an employee's floating holiday may only be taken upon forty-eight (48) hours advance request, unless in the judgment of the Company the work schedule will permit lesser advance notice.

(c) A request for vacation in excess of two (2) weeks will be considered on an individual basis, taking into account the Company's operating requirements. An employee will receive written confirmation of their vacation approval or denial within a reasonable time from request.

### 3.6 Assignment of Overtime Work

When practicable, overtime work will be distributed equally among all employees of the department concerned. Those assigned to work on planned weekend overtime will be notified as soon as reasonably possible as to the hours to be worked. Work schedule will be confirmed by the end of the work day on the last scheduled work day of that week. In the event that the planned overtime has been scheduled, but has to be cancelled because of bad weather or other causes, the Company will attempt to give twenty four (24) hours notice. If the planned overtime is called off before the employee reports to work, two (2) hours of straight time will be paid. If the planned overtime is called off after the employee reports to work, the employee will be paid for a callout as described in article 3.3(a). The Company may, at its discretion, assign alternate work in place of the planned overtime. Stand-by employees will not be automatically excluded from participation in planned jobs, but the determination to include or exclude a stand-by employee from a given planned job will be made by management in a reasonable and consistent manner. It is understood and agreed that the Union will cooperate fully in the implementation of this Section.

### 3.7 Temporary Up-Grading

When an employee is temporarily assigned to a higher wage classification for a period of two hours or more, the employee shall receive the rate for such classification provided under Schedule of Wages attached.

Whenever a Lineworker I is put in charge of a line crew of one or more other employees for a period of two (2) hours or more, the employee shall receive the rate of pay of a Working Foreman and shall be entitled to said rate of pay if the crew does not do outdoor work due to inclement weather.

### 3.8 Inclement Weather

Except in cases of necessity or emergency, employees shall not be required to do outdoor work when heat, cold, rain, snow, wind, humidity or other inclement weather conditions make such work unsafe.

The Director, or a designated representative, will determine whether or not the weather conditions are such that the crews will be sent into the field consistent with safety. In the field, the Working Foreman (or Foremen) of the crew shall make the decision as to whether or not the crew shall stop work. Employees shall not lose any regular pay because of failure to work outdoors due to inclement weather. Meter Readers will not be required to read meters during heavy snow or sleet or in any severe weather conditions which would be considered detrimental to the safety of the employee. The Company's decision shall, upon written complaint filed with the Company within five days, be subject to the grievance and arbitration provision of this Agreement.

### 3.9 Rubber Gloving

As of June 1, 1991, the Company may adopt the practice of rubber gloving voltages up to and including 34.5 KV in line work. Any employee classified as Lineworker I, II, or III as of June 1, 1991, shall not be required to rubber glove voltages in excess of 15 KV. To the extent the Company requires rubber gloving of voltages between 15 KV and 34.5 KV, the work shall be carried out by volunteers within the Company who have achieved Lineworker I status or by a Lineworker I who is hired after June 1, 1991.

Lineworkers who were employees of the Company as of June 1, 1991 who volunteer for the 34.5 KV rubber gloving program shall have the option of leaving the program within one year from the day they volunteer, after the program goes online. The Company upon receipt of written notice of that employee's intent to leave the 34.5 KV rubber gloving program, will reassign that Lineworker to the position held before entering the 34.5 KV rubber gloving program within thirty (30) days.

It has been further agreed that the Company will confer with the Union with respect to appropriate safety rules for rubber gloving voltages up to and including 34.5 KV in line work.

### 3.10 Meal Provision Policy

(a) The Company will provide employees with meals if the employee is required to work through meal times outside their normal work hours or scheduled overtime.

(b) Employees will not be required to make their own arrangements for more than one (1) meal during any continuous work period. Employees called in one (1) or more hours prior to their normal start time and whose time is continuous with their normal workday shall be entitled to breakfast and a noon meal allowance provided the employee is not released prior to 12:00 noon.

(c) Employees are entitled to a hot (if available), nutritious and substantial meal at a reasonable cost to the Company. The guidelines to be used for the cost of meals will be as follows:

- |                 |          |
|-----------------|----------|
| 1. Morning Meal | \$7.50*  |
| 2. Noon Meal    | \$7.50*  |
| 3. Evening Meal | \$13.50* |
- \*(Tax and tip included, receipts are required.)

#### The Company shall furnish a meal under the following conditions:

A. During days employees are scheduled to work.

1. Employees will be provided with a morning meal if they are called in for work one (1) or more hours before their scheduled work day begins and work through the hour of 6:00 AM to 7:00 AM.
2. The employee will be provided with an evening meal if they are required to continue working two (2) or more hours beyond their regular scheduled work day.

B. During days employees are not scheduled to work.

1. Employees will be provided with a morning meal if they work at least two (2) continuous hours which includes the hour of 6:00 AM to 7:00 AM.
2. Employees will be provided with a noon meal if they work at least two (2) continuous hours which includes the hour of 12:00 noon to 1:00 PM.
3. Employees will be provided with an evening meal if they work at least two (2) continuous hours which includes at least one (1) hour between 4:30 PM and 6:30 PM.

C. Corresponding meal provisions will be made at the Noon Meal rate for meal periods at approximately five (5) hour intervals during the remainder of the work period on either scheduled or nonscheduled work days.

D. Employees will be paid for time spent eating when required to return to work after completing a job but before returning to the Operations Center, then they will be paid for one-half hour of time to eat.

E. An employee released from work may elect to receive a payment of \$5.00 in lieu of a meal he or she is entitled to under the conditions of this policy.

F. In the event of storms or system emergencies, as declared by the Director, the Company will provide meals as needed in lieu of this policy.

### 3.11 Equipment Provided by Company

The Company shall provide Lineworker's equipment consisting of climbing spurs, pads, and straps, body belts and safety straps, pliers, connectors, skinning knives, leather gloves, adjustable wrenches, rules and screwdrivers, and replacement and renewals thereof. All lineworker's equipment shall be and remain the property of the Company. When renewals or replacements are requested, the old equipment must be turned in or its loss satisfactorily explained. All lineworker's equipment shall be left on the property of the Company when not in use. The Company shall provide coveralls for use in painting or other jobs requiring clothing protection, which shall be kept at such places on the Company's property as the Company decides.

### 3.1 Rest Period

If an employee is required to work sixteen (16) or more consecutive hours, the employee will be allowed a period of eight (8) hours off before returning to work unless an emergency arises which makes it necessary for the Company to call the employee back to work before the expiration of the eight (8) hour period. Any part of the eight (8) hour period which extends into the employee's normal work schedule will be paid for at normal straight time rates.

If an employee is required to work beyond sixteen (16) consecutive hours, the employee will be paid at double the normal straight time rate for those hours worked beyond sixteen (16), including normal schedule hours worked. If the employee does not receive eight (8) hours off after having worked sixteen (16) or more hours, the employees' hours worked will be paid at double time rates until the employee receives eight (8) hours off. The employee is expected to take the eight (8) hour period off, unless the employee is specifically told to report back to work by the Company. Time allowed off for meals will be counted in determining sixteen (16) consecutive hours worked for the purpose of this Section. If an employee is called and reports for work within two (2) hours of the time the employee went off duty, the time off will not prevent the hours worked thereafter from being considered as consecutive with the previous hours worked.

Employees who are required to work during scheduled or unscheduled hours starting at midnight and ending at 6:00 AM will be entitled to one hour of rest time for each hour worked starting at midnight and ending at 6:00 AM. If rest time extends into the employee's normal workday, no reduction in pay will be made for the hours overlapping the normal workday. Rest time extending into normal work schedule and having a duration of two (2) hours or less will be taken at the end of the day unless otherwise established by mutual agreement. Rest time extending into normal work schedule and having a duration of four (4) hours or less but more than two (2) hours may, by mutual agreement, be taken at the end rather than the beginning of the normal workday. If eight (8) consecutive hours immediately preceding normal start time are worked, employee(s) will be entitled to eight (8) hours rest time.

### 3.13 Military Leave

Employees are eligible for the Company's Military Leave of Absence

Policy HR 1.08, effective August 1, 1999, which allows for two (2) weeks off with pay for military training leave and four (4) months off with pay if an employee is activated as a result of a call-up order.

### 3.14 Stand-By

One qualified Lineworker will be assigned to stand-by duty each week during the year. A list of Lineworkers will be submitted, by the Union, one year in advance. Any changes to this schedule shall be submitted, in writing, no less than one week prior to the Lineworker going on stand-by, unless an emergency situation arises and the Lineworker is unable to cover. Lineworker and schedule to be approved by the Operations Manager.

Stand-by duty consists of a qualified Lineworker remaining within reach of a telephone and/or paging device for a period of one week so that an employee on stand-by duty may be notified to report for work in cases of emergency. Stand-by will require making arrangements so that the employee can be reached by telephone and/or paging device and report within a reasonable driving time to the Distribution Operations Center or trouble location.

Employees who accept stand-by duty shall be paid twelve (12) hours of straight time pay plus three (3) hours pay for a week which includes a holiday. The stand-by Lineworker will be provided with a vehicle and a cell phone.

### 3.15 Pay When Away From Home

When working outside the Concord Electric service area and other than for a Unitil Company, employees shall receive one dollar (\$1.00) per hour above their regular hourly rate, or the prevailing rate for the area, whichever is higher.

The one dollar (\$1.00) hourly premium shall be added to the regular straight-time rate of pay for determining overtime rates of pay, but for no other purpose. This premium shall not apply when attending a Company sponsored training course.

### 3.16 Leave of Absence

#### (a) Leave of Absence for Personal Reasons

Employees are eligible for the Company's Unpaid Leave of Absence

Policy HR 1.34, effective June 1, 2000, which allows for up to six (6) months off, unpaid, for personal reasons that do not qualify under other leave policies.

(b) Leave of Absence for Union Officials

Time off without pay shall be granted, upon request of the Union, to Union officials and/or duly elected delegates to attend the International Convention, for the purpose of attending Conventions of IBEW, or to attend other conferences involving the Local Union, provided that (a) the absence of the employee shall not, in the opinion of the Company, interfere with the Company's operations or cause undue hardships to other employees, and (b) provided that the request for such time off shall be made as far in advance as possible, but in no case less than two (2) weeks in advance. Maximum duration per occurrence to be one (1) week.

3.17 Absence Due to Death in the Family

Employees are eligible for the Company's Bereavement Pay Policy HR 1.15, effective June 1, 2000, which allows for three (3) days off with pay for a death in the family.

3.18 Temporary Assignments Outside of the Company's Service Area

Work Assignments with utilities outside of the Company's service area are voluntary except when the utility is an affiliate of Unitil Corporation. If adequate volunteers cannot be obtained for work assignments at Unitil affiliates, personnel will be assigned with forty-eight (48) hours notice, except in cases of emergency.

Employees will be paid for travel time external of the eight hour day at the appropriate overtime rate for all planned work. The "Minimum Pay for Employees Called In", Section 3.3 in the Contract, will not apply. Transportation will be provided if requested. The rate of pay shall be in accordance with this agreement or the prevailing wage where they are assigned, whichever is higher.

If an employee works outside the service area and is required to stay overnight, Section 3.15 "Pay When Away From Home" will apply. The employee will be paid the same as when working within the service area except that straight time rates will be paid for rest time.

This provision does not apply to assignments classed as non-working (examples: training, schools, meetings, etc.)

3.19 Utility Lineworker I

As of June 1, 1994, the Company will create a Utility Lineworker I position. Any employee classified as Lineworker I, II or III as of June 1, 1994, shall not be required to cover the position or hours of the Utility Lineworker I, unless voluntary or unless an employee bids for the position.

3.20 Boot Allowance

The Company, with appropriate documentation, will reimburse employees who are required to wear safety shoes of out-of-pocket expenses of up to \$100 per calendar year.

3.21 Wellness

Employees covered by this Agreement are eligible for the Company's Wellness Policy HR 1.23, effective June 1, 2000, and will reimburse employees for out-of-pocket expenses of up to a total of \$100 per calendar year for activities or equipment to maintain and/or improve an individual's personal health.

**ARTICLE 4  
RETIREMENT PLAN**

During the effective period of this Agreement, the Company will pay retirement benefits in accordance with the Unitil Corporation Retirement Plan, Second Amendment and Restatement, generally effective as of May 1, 1998, the appropriate details of which are attached hereto and contained in the Summary Plan Description, a copy of which will be provided to all employees covered by this Agreement and to the Local Union, all of which are incorporated herein by reference. An employee may retire at a reduced Schedule of benefits prior to Normal Retirement Date of age 65, as will be stipulated in the aforementioned plan description. The Company agrees that no change in the retirement plan will be made without prior notification to the Union.

## **ARTICLE 5 GROUP INSURANCE**

During the effective period of this Agreement, the Company will maintain group insurance coverages as follows:

- (a) Life
- (b) Accidental Death and Dismemberment
- (c) Dental
- (d) Long Term Disability and
- (e) Medical.

The company reserves the right to change insurance carriers at any time, so long as the financial benefits provided by any new carrier are at least equal to those currently provided, and agrees that no change in the group insurance plan will be made without prior notification to the Union. Appropriate details of the terms of existing contracts are attached hereto and contained in the Plans' Summary Plan Description, a copy of which will be provided to all employees covered by this Agreement and to the Local Union, all of which are incorporated herein by reference.

## **ARTICLE 6 PROMOTIONS, DEMOTIONS AND FURLOUGHS**

### 6.1 Promotions

Selection of regular employees for promotion or advancement within the bargaining unit, for demotion for furloughing because of a reduction in forces, shall be based upon qualifications and seniority. If the employee is qualified for the job in cases of promotion, advancement and demotion, seniority shall govern. An employee's un-bridged Union seniority and qualifications shall govern in cases of furloughing and bumping. The Union and the Company recognize that it may be necessary to make exceptions in the application of the foregoing seniority provisions by mutual agreement in order to insure efficient operation of the Company's business. The determination by the Company as to qualifications for promotions to supervisory positions shall not be subject to arbitration under Article 10.

If and when there is an addition in forces in any department covered by this Agreement, employees who have been furloughed from such department shall be given preference over other persons, and employees who have been furloughed from any other department covered by this Agreement shall be given preference over persons not formerly in the employ of the Company, if in either case they are qualified as provided in this Article.

When a vacancy or the creation of a new position necessitates promotion of an employee or the hiring of a new employee, the Company shall post notices at locations accessible to the employees, such notices will be posted on Wednesday and remain posted for seven (7) calendar days, within which time employees may apply in writing to the supervisor or official of the Company designated in the notice. If the Company decides not to fill a vacancy, it will so notify the Union within two (2) weeks of the date of vacancy; if the Company decides to fill a vacancy it will post notices within two (2) weeks of the date the vacancy occurs. The notices shall set forth the classification of the position to be filled, an outline of the duties, the hours and days of work, the ultimate wage rate, the date on which the notice is posted, and the last day for filing applications. Applicants who have special qualifications shall describe such qualifications briefly in their application.

When an employee is promoted or transferred to another position but fails to qualify, the employee shall be reassigned to the class from which he/she was promoted or transferred. If the Company determines that the employee is qualified to perform the work in the class to which the employee was promoted or transferred, but the employee desires to return to the previous class of work, the Company shall not reassign the employee until there is a vacancy in such previous class.

### 6.2 Temporary Assignment

The Company may assign anyone to fill a vacancy or new position temporarily, pending the posting of notices and the consideration of applications.

The Company may also assign anyone to perform temporary work or to replace an absent employee without regard to the foregoing provisions of this Article.

### 6.3 Retrogression

If a regular full-time employee becomes partially incapacitated by reason of age or non-compensable disability and thus is unable to perform fully the duties of the employee's job classification, the Company will endeavor to find the employee other work by placing the employee in the highest classification in which the employee is able to perform the work assigned and in which there is an available opening. The employee shall be given a reasonable opportunity for training to fill an available job which carries a rate of pay more equal to the employee's original rate, and if the employee becomes qualified for such available job the employee shall be placed in that classification. An assignment made under this paragraph shall continue until the employee's normal retirement date, provided that the employee remains qualified to perform the duties required of the job classification. During the period of assignment under this paragraph employees shall be paid at the maximum rate for the classification to which they are assigned, except that employees who have completed ten (10) or more years of continuous service at the time of assignment shall be paid not less than the percentage of their former rates indicated below, such percentage to remain the same for the balance of each employee's active employment. When the rates of pay are adjusted by a general wage adjustment, employees so classified will receive an adjustment in pay in the amount by which the employees retrogressed classification is adjusted.

<b>Years of Service</b>	<b><u>Percentage</u></b>
<b><u>At Time of Assignment</u></b>	
25 or more	100%
20 - 24	95%
15 - 19	85%
10 - 14	75%

#### 6.4 Termination Pay

If an employee's employment with the Company is terminated due to a reduction in work force resulting from automation or the closing of an operation, the employee shall, unless the employee is retired with pension benefits under the Retirement Plan, be entitled to receive one week's pay for each six months (calculated to the nearest six month period) of service with the Company, provided, however, that an employee receiving termination pay shall not be entitled to be rehired under the provisions of the second paragraph of Section 6.1 of this Article. A Union employee who is terminated will have the option to defer Termination Pay for up to one (1) year.

## **ARTICLE 7 CONTRACTING CREWS**

#### 7.1 Outside Contractors

The Company shall not use outside contractors to perform work regularly done by its regular employees if so doing would result in any regular employee being discharged, laid off or transferred to another job. When Union employees are available and not otherwise assigned, the Company agrees that it will use its best efforts to first offer qualified union employees overtime opportunities before having contractor crews perform overtime work. It being understood that this provision will not preclude contractor crew from performing overtime work to finish any jobs in progress or any projects awarded by bid process. This is not intended to limit the Company's right to schedule contract crews during emergency storm restoration.

#### 7.2 Supervisor Working

Full time supervisors above the rank of Working Foreperson will not customarily perform the same work which is performed by the employee whom they supervise, provided, however, that supervisors may perform such work for the purpose of instruction, training, and in cases of emergency. Emergencies, for the purpose of this section, shall be defined as including the following two descriptions: (1) customer outages or (2) an unexpected occurrence or set of circumstances demanding immediate action which threatens life, limb, property or the continuity of service.

## **ARTICLE 8 SUSPENSION AND DISCHARGES**

Upon written request of the Union made within seven days from the date upon which an employee has been suspended or discharged, the Company shall grant a hearing to the employee involved. Upon receipt of the foregoing request in writing, the prejudice and compensated for loss in wages. The hearing shall be conducted in accordance with the method of adjusting grievances as provided in Article 10 herein.

## **ARTICLE 9 NO STRIKES OR LOCKOUTS**

The Union agrees that it will not authorize a strike or work stoppage, and the Company agrees that it will not engage in a lockout, because of disputes over matters relating to this Agreement. The Union further agrees that it will take every reasonable means which are within its powers to induce employees engaged in a strike or work stoppage in violation of this Agreement to return to work. There shall be no responsibility on the part of the Union, its officers, representatives or affiliates, for any strike or other interruption of work unless specifically provided in this paragraph.

## **ARTICLE 10 ADJUSTMENTS OF DISPUTES AND GRIEVANCES AND ARBITRATION**

Any dispute or grievance arising during the term of this Agreement relating to the meaning, interpretation, construction or application of this Agreement shall be settled in the following manner:

STEP 1. The specific details of the dispute or grievance shall be submitted to an authorized representative of the other party promptly after the occurrence of the facts giving rise to such dispute or grievance.

STEP 2. The dispute or grievance may be settled by agreement between the authorized representatives of both parties. The resultant agreement of failure to agree shall be stated in writing by the party first notified to the party who submitted the dispute or grievance within fifteen (15) working days of the date of original submission.

STEP 3. If the grievance is not settled in Step 2, either party may, within thirty (30) working days of the decision rendered in Step 2, appeal in writing for a decision by the Director of the Company and the Business Manager of the Union, or representatives designated by them. An international representative of IBEW may be present at this step of the grievance procedure only to assist the local union. They shall render their agreement or failure to agree in writing within fifteen (15) working days of the date of the appeal to them. The time limits specified in the first three steps hereof, may be extended by mutual agreement of the parties involved.

STEP 4. ARBITRATION. If the Company and the Union are unable to settle a dispute or grievance as above provided, the dispute or grievance may be referred to arbitration by either party as follows: The Union and the Company shall agree upon an arbitrator within ten days, but if they are unable to agree upon an arbitrator within ten days, the arbitrator shall be appointed by the American Arbitration Association. The decision of the Arbitrator shall be final and conclusively binding upon the parties. The services and expenses of the Arbitrator shall be shared equally by the Company and the Union. It is agreed that there shall be no obligation to arbitrate a renewal of this Agreement or a change in, or supplement to, this Agreement or to arbitrate any matter not covered by this Agreement or some provision thereof. No arbitration decision shall be binding beyond the life of this Agreement. The Operations Manager and the Chief Steward of the said Local Union shall meet from time to time at the request of either party for the purpose of discussing any matter coming within the scope of this Agreement.

All meetings between the Operations Manager and the Chief Steward of the Union shall be held at the Company Office at the convenience of both parties if possible.

## **ARTICLE 11 NOTICES AND REQUESTS**

### 11.1 Mailing Requirements

Except where specifically provided otherwise herein, all notices and requests shall be deemed to have been fully and completely served or made by the Company when sent by certified mail addressed to the Chief Steward at his/her current home address with a copy to be sent to the office of the Local Union, and by the Union when sent by certified mail to Unitil/Concord Electric Company, at One McGuire Street, Concord, New Hampshire 03301, unless either party hereto shall give notice of a different address at least five (5) days before any such notice or request is mailed.

### 11.2 Bulletin Boards

The Company shall permit reasonable use of bulletin boards for posting officially signed Union bulletins.

## **ARTICLE 12 WAGE AND WORK AGREEMENT**

The Union agrees that its members employed by the Company will work for the Company upon the terms, conditions and attached wage schedule set forth in this Agreement during its life.

## **ARTICLE 13 DISABILITY BENEFITS AND SAFETY**

### 13.1 Sick Pay

Employees covered by this Agreement are eligible for the Company's Sick Pay Policy HR 1.12, effective June 1, 2000, and shall be entitled to two weeks sick pay during the first year of employment. After one year of employment, employees will be entitled to up to twenty-six weeks of sick pay.

The Company shall have the right, in each instance in which an employee claims sick pay under the provision of this Article, to satisfy itself of the fact of sickness requiring absence by the certificate of a competent physician, examination, or otherwise.

### 13.2 Worker's Compensation

Time lost on account of industrial accident will not be regarded as sickness. The Company agrees to pay, during disability due to industrial accidents, the difference between the amount of compensation from Worker's Compensation and full pay for a period not to exceed twenty-six (26) weeks.

### 13.3 Safety

The Company will continue to make reasonable regulations for the safety and health of its employees during their hours of employment. Representatives of the Company and the Union shall meet from time to time at the request of either party to discuss such regulations. The Company hereby retains the right to require an employee to submit to a reasonable medical examination by a physician, who shall be mutually agreed upon between the Company and the Union, if the Company has a reasonable belief that the employee's physical or mental condition is placing the employee or others in jeopardy.

The union shall receive copies of all accident reports involving injury or incident to their members.

## **ARTICLE 14 CONSOLIDATION OR MERGER**

In case of consolidation or merger of the Company with any other company, or sale of all or a substantial part of its properties, the provisions of the Agreement will continue to apply to the extent legally permissible to the employees covered by the terms of this Agreement, and the Company will use its best efforts to require any other Company involved in the consolidation or merger to assume this Agreement to the extent legally possible.

## **ARTICLE 15 NO DISCRIMINATION**

Employees are covered by the Company's Equal Employment Opportunity Policy HR 1.07, dated February 22, 1999. The Company provides equal employment opportunity for all employees regardless of race, color, marital status, religion, age, gender, sexual orientation, national origin, citizenship status, disability or veteran status.

**ARTICLE 16  
DATE AND TERM -  
TERMINATION - AMENDMENT**

16.1 Effective Date and Term

This Agreement, when signed by the Company and Local Union or their authorized representatives and approved by the International Office of the Union, shall take effect as of June 1, 2000 with increased wages to take effect in accordance with the Schedule of Wages appended hereto and made a part hereof, and shall remain in effect through May 31, 2005. It shall continue in effect from year to year thereafter, from June 1 of each year through May 31 of the following year, unless changed or terminated in the manner provided herein.

16.2 Negotiations - Changes or Termination

Either party desiring to change or terminate this Agreement must notify the other in writing as least sixty (60) days prior to June 1<sup>st</sup> of any year after 2000. When notice for changes only is given, the nature of changes desired shall be specified in the notice; however, the listing of changes shall not preclude submission of other changes desired during negotiation. If the parties cannot agree upon changes, either party shall have a right to terminate the contract.

16.3 Amending Agreement During Term

This Agreement shall be subject to amendment at any time by mutual consent of the parties hereto. Any such amendment agreed upon shall be reduced to writing, signed by the parties hereto and approved by the International Office of the Union.

IN TESTIMONY WHEREOF the parties hereto have executed this Agreement this 12<sup>th</sup> day of October 2000.

For Unitil/Concord Electric Company

By: /s/Eric C. Werner  
Director, Distribution Operations Center

For the employees of Unitil/Concord Electric Company covered by this Agreement and INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS AND LOCAL UNION NO. 1837.

By: /s/ Joseph E. Landry  
Chief Steward

By: /s/ Thomas D. Clements  
Assistant  
Business Manager

By: /s/ Dave Bofinger  
Business Manager

APPROVED International Office - I.B.E.W.

/s/ J.J. Barry, President. This approval does not make the International a party to this agreement.

**Unitil/CONCORD ELECTRIC COMPANY**

**RETIREMENT PLAN**

A retirement plan is provided for employees and is briefly outlined below. In the event there shall be enacted state or federal legislation which conflict with the terms of the below plan, state or federal legislation will govern.

The word "wages" as hereinafter used, shall mean straight-time wages, and shall include no daily or weekly overtime.

### Eligibility

Any employee of the Company shall or may retire on a retirement benefit subject to the provisions and conditions hereinafter set forth:

1. After five (5) years of service, an employee who has attained the Normal Retirement Date (first day of the month in which occurs an employee's 65<sup>th</sup> birthday) and ceases active service with the Company shall be entitled to a pension.
2. An employee shall be entitled to a disability retirement benefit if the employee has completed 15 or more years of Credited Service (excluding service before age 18) and becomes totally and permanently disabled. In order to be eligible for a disability pension the employee must:
  - a. Be totally and permanently prevented from engaging in any occupation or employment for wages or profit.
  - b. The disability must not have been incurred while the employee was engaged in:
    - (1) criminal act
    - (2) service in the armed forces
    - (3) habitual drunkenness or addiction to a narcotic
    - (4) intentional self-inflicted injury
    - (5) act or disease resulting during the course of employment with an employer other than the Company.

Further, that the disability pension may be discontinued should the employee refuse to be examined by a physician designated by the plan. The pension would be computed on the basis of the Credited Service and Average Monthly Wages at the time of the disability retirement. Such pension shall commence on the employee's Normal Retirement date. On each January 1<sup>st</sup> prior to the Employee's Normal Retirement Date the monthly pension payable to a disabled employee shall be increased to reflect an additional year of Credited Service which would have accrued to the employee.

3. An employee with fifteen (15) years of Vested Service and who has attained age fifty-five (55) may elect to retire on an Early Retirement Date, which may be the first day of any month thereafter prior to the employee's Normal Retirement Date. The Company requests that the employee notify the Company in writing at least ninety (90) days prior to such date of intention to retire early.

### Determination of Amount of Normal Retirement Benefits

#### A. Basis

The basis for the computation of the amount of the retirement benefit shall be the employee's average monthly wages for any consecutive five-year period during the employee's last twenty (20) years of Credited Service, whichever amount is larger.

#### B. Amount

Based upon average monthly wages determined as above stated, the employee shall be eligible for a monthly retirement benefit payable in advance, computed as follows:

1. For each of the first twenty full years of Credited Service - 2% (two percent) of said average monthly wage.
2. For each full year of Credited Service in excess of twenty full years and not in excess of thirty full years: an additional 1% (one percent) of said average monthly wages.
3. For each full year of Credited Service in excess of thirty years: an additional 1/2 of 1% (one-half percent) of said average monthly wages reduced by:
4. Fifty percent (50%) of such employee's Primary Social Security Benefit Payable under the Federal Social Security Act in effect on December 31, 1970; and
5. The amount of monthly retirement benefit, if any, to which the employee is entitled under any retirement plan maintained by a former employer for which credit is given under the Plan. These former employers include Exeter and Hampton Electric Company, Fitchburg Gas and Electric

Light Company, Unitil Service Corp., and may also include any other companies that become part of the Unitil System of companies in the future.

#### Determination of Amount of Early Retirement Benefits

The monthly amount of Early Retirement Benefit payable to an employee retiring on an Early Retirement Date shall be equal to the employee's Normal Retirement Benefit based on Credited Service to the Early Retirement Date, reduced on the basis of the following schedule:

<b>Early Retirement Age</b>	<b>Percent Reduction of Normal Retirement Benefits</b>	<b>Early Retirement Expressed as % of Normal Retirement Benefits</b>
64	0%	100%
63	0%	100%
62	0%	100%
61	0%	100%
60	0%	100%
59	5%	95%
58	10%	90%
57	15%	85%
56	20%	80%
55	25%	75%

#### Normal Form of Benefits

##### A. Monthly Annuity for Life

An employee who is unmarried at retirement will receive a retirement benefit as a monthly annuity for as long as the employee lives. Upon death, no death benefits will be payable to any beneficiary.

##### B. Joint and Survivor Annuity with Spouse

An employee who is married at retirement and who does not elect to receive the retirement benefit as a monthly annuity for life, or as one of the Optional Forms of Benefits, will receive an actuarial reduced benefit for as long as the employee lives with fifty percent (50%) of such reduced benefit payable after death to the employee's spouse for as long as such spouse lives. The reduction is based upon the life expectancies of the employee and spouse on the employee's retirement date.

#### Optional Form of Benefits

##### A. Contingent Annuitant Option

An employee may elect, instead of a retirement benefit as heretofore provided, to have reduced retirement benefits made commencing on the employee's retirement date and after death such reduced payments, or any lesser amount selected by the employee, will be continued to the designated beneficiary, if living after the employee's death, for the beneficiary's lifetime.

##### B. Ten (10) Year Certain and Life Annuity

An employee may elect that the retirement benefit, payable on the retirement date, be reduced with the guarantee that not less than one hundred and twenty (120) monthly payment will be made either to the employee or the named surviving beneficiary.

##### C. Five (5) Year Certain and Life Annuity

An employee may elect that the retirement benefit, payable on the retirement date, be reduced with the guarantee that not less than sixty (60) monthly payments will be made either to the employee or the named surviving beneficiary.

If any of the above options are elected, the provisions for minimum annual retirement benefit shall only apply prior to any reductions under the above options.

#### Minimum Retirement Benefit

In no event will the Company pay any employee who retires with fifteen (15) years of Vested Service an annual normal retirement benefit of less than \$1,200 in addition to such sums, if any, as the employee may received as "Primary Insurance Benefits" under the Federal Social Security Act and as unemployment compensation.

### Spouse's Benefits

A Spouse's Benefit shall be payable to an employee's spouse in the event of the employee's death prior to the Normal Retirement Date, provided at least fifteen (15) years of Vested Service was completed and has been married to the surviving spouse for at least one (1) year.

The monthly amount of the Spouse's Benefit shall be one-half of the amount of Retirement Benefit which would have been payable had the deceased employee retired, rather than died, on the day before death, reduced, however, by one percent (1%) for each full year in excess of two (2) by which the deceased employee's age exceed the spouse's age. A minimum of fifty dollars (\$50.00) per month shall be payable.

Spouse's Benefit payments shall terminate with the last payment due preceding

death.

### Deferred Termination Benefit

An Employee who terminates employment after five (5) or more years of Vested Service shall be entitled to a Deferred Termination Benefit equal to that portion of the Normal Retirement Benefit accrued to the date employment terminates.

A Deferred Termination Benefit shall commence on an employee's Normal Retirement Date. A reduced Deferred Termination Benefit is available as early as age 55.

The specific details of the retirement plan will be as described in the retirement plan documents. In the event of any conflict between this summary and the Plan Document, the Plan Document will govern. While the Company expects to continue indefinitely the benefits provided for under the retirement plan, it agrees to continue them only for the term of the Contract with the employees of the Concord Electric Company covered by the Agreement and the International Brotherhood of Electrical Workers and Local Union No. 1837, Unit #1, dated June 1, 2000.

## **Unitil/CONCORD ELECTRIC COMPANY**

### **GROUP INSURANCE**

There shall be maintained a Group Insurance program with the following benefits:

#### Basic Term Life Insurance Plan

Employees are eligible for group life insurance coverage equivalent to two times their base pay (basic hourly wage time 2080) rounded to the next higher full thousand. Concord Electric Company pays insurance premium cost.

#### Accidental Death And Dismemberment

Employees are eligible for accidental death and dismemberment coverages up to a maximum of one times their base pay (as described above), rounded to the next higher full thousand. Concord Electric Company pays insurance premium cost.

#### Insurance After Retirement

Employees who retire from active service may continue group life insurance of \$7,500. Concord Electric Company pays insurance premium cost.

#### Long-Term Disability Insurance

Employees are eligible for long-term disability insurance coverage equal to 60% of their base pay (as defined above). The waiting period to begin collecting benefits is 180 calendar days of disability. Benefits are payable for two (2) years if the Employee is disabled from performing their own occupation, or to age 65 if the Employee is totally and permanently disabled from performing any occupation. Benefits from the plan are offset by other sources of disability income. Employees become eligible for coverage on the first of the month following completion of one (1) year of service.

While collecting LTD benefits, an employee's other benefits will continue as specified in the Company Policy on Continuation of Benefits While on Long Term Disability/Extended Medical Leave of Absence, HR 1.36, effective June 1, 2000.

#### Medical Insurance

Point or Service Plan - Provides employees with a choice each time there is a claim

between receiving HMO style benefits or indemnity style benefits.

HMO Style Benefits - Benefits received from a Primary Care Physician or as a result of a referral from the Primary Care Physician are subject to a \$5 co-payment.

Indemnity Style Benefits - Benefits that are received without a referral from the employee's (or dependent's) Primary Care Physician are subject to an annual \$250/person (\$500/family) deductible, followed by 80% coverage for the next \$5,000 of covered expenses per person (\$1,000 per person in coinsurance payments). Prescription drugs are subject to a \$10 co-payment per 30 day supply of brand name drug, a \$5 co-payment per 30 day supply of generic drug, or a \$5 co-payment per 90 day supply of drugs ordered via mail order prescription service.

### Group Dental Plan

Group Dental Care Insurance is provided for employees and their eligible dependents and is briefly outlined as follows:

#### Deductible

There is one \$25.00 deductible per person per Calendar Year with a maximum of \$75.00 per family each Calendar Year. This deductible does not apply to Coverage I and IV benefits, but does apply to Coverage II and III benefits.

Coverage I - Diagnostic and Preventative, 100% Payment.

#### Diagnostic

Initial Examination;

Examinations to determine the required dental treatment two times in a calendar year;

Full Mouth/Panorex X-Rays once in three (3) year period;

Bitewing X-Rays once in a calendar year;

X-Rays of individual teeth as necessary.

#### Preventative

Cleanings two (2) times in a calendar year;

Fluoride - once in a calendar year (age limit 19);

Space Maintainers.

Coverage II - Restorative, after deductible, 80% paid by insurance, 20% paid by patient.

Amalgam, Silicate and Acrylic restorations;

Oral Surgery - Extractions;

Endodontics - Pupal therapy; root canal therapy;

Periodontics - Treatment of gum disease, includes periodontal cleanings;

Denture Repair - Repair of removable denture to its original condition;

Emergency Treatment - Palliative.

Coverage III - After deductible, 50% paid by insurance, 50% by patient.

Crowns and build-ups for crowns;

First placement of inlays and bridges;

First placement of partial or full dentures.

Coverage IV - Orthodontia, 50% paid by insurance, 50% paid by patient.

### Maximum Contract Year Benefit -

The maximum amount which the plan will pay is \$1,250 per person per Calendar Year. Orthodontia lifetime maximum is \$1,000 per person.

Employees shall pay 10% of the total cost for medical and dental insurance coverage. Such premiums shall be subject to the following weekly dollar caps:

**Employee Weekly Premium Contributions**

	2000	2001	2002	2003	2004	2005
<b>Single</b>	\$ 5.17	\$ 5.94	\$ 6.83	\$ 7.86	\$ 9.04	\$10.39
<b>Two Person</b>	\$10.22	\$11.76	\$13.52	\$15.55	\$17.88	\$20.56
<b>Family</b>	\$15.41	\$17.72	\$20.38	\$23.44	\$26.95	\$30.99

Employees will have the option of contributing premiums on a pre-tax basis under the terms of the Unitil Corporation Pre-Tax Premium Plan.

Employees will also have the option of dropping medical insurance coverage and receiving two months of company contributions towards the premium, rounded to the nearest \$10.

If an employee dies, medical and dental insurance coverage will be continued for the employee's spouse and dependent children for up to six months under the terms of the Medical and Dental Insurance Extension Policy HR 1.26, effective June 1, 2000.

**Supplemental Group Term Life Insurance**

Employees will have the option of purchasing supplemental group term life insurance equal to 1x, 2x or 3x their base pay (hourly wage times 2080), and pay the premiums through payroll deduction. The first \$100,000 coverage will be issued without any evidence of insurability if the employee signs up for coverage when initially eligible. Evidence of insurability may be required by the insurance company:

- 1) If the employee declines coverage and later decides to enroll in the plan after the initial eligibility period,
- 2) If the employee decides to increase coverage as a multiple of base pay, or
- 3) For any coverage exceeding \$100,000.

**Supplemental Accidental Death and Dismemberment**

Employees will have the option of purchasing individual or family supplemental accidental death and dismemberment insurance in increments of \$10,000 and pay the premiums through payroll deduction. Maximum coverage is \$300,000.

**Long Term Care Insurance**

Employees will have the option of purchasing long term care insurance for nursing home and home health care benefits. Such policies can cover the employee, the employee's spouse, parents or in-laws, and the employee will receive the benefit of a group discount and pay the premiums through payroll deduction. Employees will have the opportunity to design individual policies that meet their individual needs.

This benefit summary is for informational purposes only. The benefits are described more fully in the applicable master group insurance policy. The extent of coverage for each individual is governed at all times by that document. In the event of any conflict between this summary and the plan documents, the plan document will govern.

While the Company expects to continue indefinitely the benefits provided under these plans, it agrees to continue them only for the term of the Contract with employees of Concord Electric Company covered by the Agreement and International Brotherhood of Electrical Workers and Local Union No. 1837, dated June 1, 2000.

In the event there shall be enacted after June 1, 2000, state or federal legislation which conflicts with the Pension Plan or Group Insurance provisions, outlined above, the state or federal legislation will govern.

**EXHIBIT A**

**Unitil/CONCORD ELECTRIC COMPANY  
SCHEDULE OF WAGES**

Pay period May 28, 2000 through May 30, 2004

**Contract Period June 1, 2000 through May 31, 2005**

	Rate Effective				
	<u>5/28/00</u>	<u>5/27/01</u>	<u>5/26/02</u>	<u>6/1/03</u>	<u>5/30/04</u>
Line Department					
Lineworker I - RG 34.5 kV	24.48	25.33	26.12	26.90	27.71
Utility Lineworker I	24.79	25.66	26.45	27.24	28.06

Lineworker I	23.75	24.58	25.35	26.11	26.89
Lineworker II					
Fourth 6 months	20.48	21.20	21.86	22.51	23.19
Third 6 months	19.63	20.32	20.95	21.58	22.23
Second 6 months	18.66	19.31	19.91	20.51	21.13
First 6 months	17.74	18.36	18.93	19.50	20.08
Lineworker III					
Second 6 months	17.42	18.03	18.59	19.15	19.72
First 6 months	16.38	16.96	17.48	18.01	18.55
Lineworker Apprentice					
Second 6 months	16.15	16.71	17.23	17.75	18.28
First 6 months	15.88	16.43	16.94	17.45	17.97
Meter Department					
Lead Meter Mechanic	22.87	23.67	24.41	25.14	25.89
Meter Mechanic I	21.58	22.34	23.03	23.72	24.43
Meter Mechanic II					
Third 16 months	18.64	19.29	19.89	20.49	21.10
Meter Mechanic III					
Second 16 months	17.01	17.60	18.15	18.69	19.25
Meter Mechanic Apprentice					
First 12 months	15.22	15.76	16.25	16.73	17.24
Operation Technician I	20.48	21.20	21.86	22.51	23.19
Operation Technician II					
Second 16 months	18.40	19.05	19.64	20.23	20.83
Operation Apprentice					
First 12 months	16.16	16.72	17.24	17.76	18.29
Meter Worker I	17.73	18.35	18.92	19.49	20.07
Meter Worker II					
First 12 months	16.82	17.41	17.95	18.49	19.04
Meter Reader I	16.82	17.41	17.95	18.49	19.04
Meter Reader II					
First 12 months	16.05	16.61	17.13	17.64	18.17

## EXHIBIT A

Unitil/CONCORD ELECTRIC COMPANY  
SCHEDULE OF WAGES  
Pay period May 28, 2000 through May 30, 2004  
**Contract Period June 1, 2000 through May 31, 2005**

	Rate Effective				
	<u>5/28/00</u>	<u>5/27/01</u>	<u>5/26/02</u>	<u>6/1/03</u>	<u>5/30/04</u>
Station Attendant					
* Station Attendant [Grandfathered]	18.60	18.60	18.60	18.60	18.92
Station Attendant I	16.72	17.30	17.84	18.37	18.92
Station Attendant II					
First 12 months	15.94	16.50	17.01	17.52	18.04
Maintenance Department					
Automobile Mechanic I	20.93	21.66	22.33	23.00	23.69
Maintenance Worker	17.85	18.48	19.05	19.62	20.21
Utility Maintenance Worker	17.21	17.81	18.37	18.92	19.49
Stockroom					
Stockclerk I	16.82	17.41	17.95	18.49	19.04
Stockclerk II					
First 12 months	14.96	15.48	15.96	16.44	16.93
OFFICE					
Operation Office Clerk	12.47	12.91	13.31	13.71	14.12

\* Lump Sum Payment- Current Station Attendants' wage rate frozen at \$18.60 until new rate is reached in 2004. In 2004 a Lump Sum payment will be prorated by the adjusted increase.

(Lump Sum Payment will be made annually on Gross Earning based on the general wage increase for prior 12 months - Ending June 1<sup>st</sup> of each year.)

## **EXHIBIT B**

### **DUES DEDUCTION**

I hereby authorize and direct Unitil/Concord Electric Company to deduct from my pay, Union Membership dues in accordance with the following: my job classification hourly rate x 2 + 8.00 x 12 / 52 or such other amount as may from time to time be certified to the Company as being the current dues voted by members of Local Union No. 1837. This deduction shall be made equally from each paycheck and shall be paid to Local Union No. 1837 in accordance with the terms of the collective bargaining agreement between it and the Company now in effect.

This authorization and direction shall be irrevocable for the period of one year or until the termination of the said collective bargaining agreement, whichever occurs sooner; and I agree and direct that this authorization and direction shall be automatically renewed and shall be irrevocable for successive periods of one year or for the period of each succeeding applicable collective bargaining agreement between the Company and the Union, whichever shall be shorter, unless written notice is given by registered mail by me to the Company and the Union not more than twenty (20) days and not less than ten (10) days prior to the expiration of each period of one year, or each applicable collective bargaining agreement between the Company and the Union, whichever occurs sooner.

WITNESS: \_\_\_\_\_, 2000

## **Memorandum of Understanding**

To: Tom Clements, Assistant Business Manager, IBEW  
From: George Long, Director of Human Resources  
Date: June 1, 2000  
Subject: Vacation Grandfathering

Tom, this memo is to document our mutual agreement that employees of Concord Electric Company who have at least 10 years of service as of June 1, 2000 will be grandfathered under the prior Concord Electric Company vacation policy until they reach their next full week entitlement. This means that:

employees who currently have 4 weeks per year will receive 5 weeks per year in their 15<sup>th</sup> anniversary year. These employees will then remain at the 5 week level.

employees who currently have 5 weeks will receive their extra days until they reach their full six week entitlement in their 24<sup>th</sup> anniversary year. These are the only employees who will reach the 6 week level in the future.

## **Memorandum of Understanding**

To: Tom Clements, Assistant Business Manager, IBEW  
From: George Long, Director of Human Resources  
Date: June 1, 2000  
Subject: Retiree Medical Insurance

Tom, this memo is to document our mutual agreement that Unitil Corporation will not implement any recommendations of the Unitil Retiree Trust which would have the impact of requiring future retirees of Exeter & Hampton Electric Company or Concord Electric Company to contribute towards their post-retirement medical insurance. This mutual agreement is effective June 1, 2000 and will continue in effect for the term of this contract.

## **Memorandum of Understanding**

To: Tom Clements, Assistant Business Manager, IBEW  
From: George Long, Director of Human Resources  
Date: June 1, 2000  
Subject: Floating Holidays

Tom, this memo is to document our mutual agreement that Unitil/Concord Electric Company will grant one additional Floating Holiday to employees in 2002 and one additional Floating Holiday in 2004. These Floating Holidays must be used between January 1 and June 1 of the year in which they are granted. These Floating Holidays are subject to the same provisions of the Agreement as any other designated holiday, and subject to Section 3.5(d).

## **Memorandum of Understanding**

To: Tom Clements, Assistant Business Manager, IBEW  
From: George Long, Director of Human Resources  
Date: June 1, 2000  
Subject: Benefits Team

Tom, this memo is to document our mutual agreement that Unitil Corporation will implement a Benefits Team as discussed below. This mutual agreement is effective June 1, 2000 and will continue in effect for the term of this contract.

### **Mission:**

The purpose of the Benefits Team is to continuously examine the quality, monitor the costs and improve all employee benefit programs; to educate and inform employees about existing benefits; to inform employees of developments in the benefits field; and, to develop proposals for recommended changes for management and union consideration. The Benefits Team is to supplement, not replace, the normal roles and responsibilities of Human Resources in creating, recommending, monitoring, controlling, and communicating Benefits Plans and Programs.

### **Membership:**

Two union members each from CECo, E&H and FG&E.

One representative each from the BUWC and IBEW.

One non-union (HR) representative from USC, CECo, E&H and FG&E.

Benefits Analyst

Director of Human Resources

**Process for Creating Recommendations:**

All proposals/recommendations created by this Team will be developed by a consensus process requiring mutual agreement and understanding of Benefits Team members.

**Frequency and Location of Meetings:**

Meetings will be held quarterly at the Unitil building in Hampton. Meetings may be held more frequently if the need arises. A schedule of meetings will be published in advance.

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**Safe practices depend upon human action  
and, therefore the responsibility for them  
rest primarily with the  
individuals.**

**In recognition of this, it is Company policy  
to ask no employee or group of employees to engage in unsafe activity or practices  
or knowingly permit any employee to do so.**

A five year Agreement made and entered into this 1st day of June , 2000 by and between EXETER & HAMPTON ELECTRIC COMPANY, a New Hampshire corporation hereinafter referred to as the "Company," and LOCAL UNION NO. 1837, Unit #1 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, and the EMPLOYEES OF THE COMPANY who have designated Local Union No. 1837, Unit #1, of the International Brotherhood of Electrical Workers to act for them as their collective bargaining agent, all hereinafter referred to as the "Union,"

WHEREAS, the Union represents a majority of the employees of the Company in the Line Department (including Lineworkers, utility plant inspector, stock and plant clerks),

Meter Department and meter readers and has been designated by said majority to be the exclusive representative of all employees of the said departments for the purpose of collective bargaining in respect to rates of pay, wages, hours of work, and other conditions of employment and,

WHEREAS, both the Company and the Union desire to promote harmony and efficiency in the working forces so that the employees and the Company may obtain mutual economic advantage consistent with the duty of the Company, as a public utility, at all times to provide an adequate and uninterrupted supply of electric service in the territory and communities which it serves,

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, it is agreed as follows:

### **ARTICLE I: RECOGNITION OF UNION**

The Company recognizes the Union to be the exclusive representative of all the employees in the Line, Plant Records and Inspection, Meter, and Stores Departments holding the positions set forth on the attached "Schedule Of Wages," for the purposes of collective bargaining.

### **ARTICLE II**

#### **A. Union Security**

1. All employees who are at present members of the Union or may hereafter become members of the Union shall remain members in good standing in the Union during the term of this Agreement as a condition of their employment by the Company. New employees covered by the Agreement shall be required to apply for membership in the Union at the end of ninety (90) days of continuous employment and remain members in good standing in the Union as a condition of their continued employment during the term of the Agreement and the Union agrees to accept such new employees into membership in the Union in accordance with its By-Laws. The term "member in good standing" is understood to be a Union member whose dues are paid in accordance with the By-Laws and Constitution of the Union.

2. The Company shall not use outside contractors to perform work regularly done by its regular employees if so doing would result in any regular employee being discharged or laid off.

#### **B. No Discrimination**

Employees are covered by the Company's Equal Employment Opportunity Policy HR 1.07, dated February 22, 1999. The Company provides equal employment opportunity for all employees regardless of race, color, marital status, religion, age, gender, sexual orientation, national origin, citizenship status, disability or veteran status.

#### **C. Safety**

1. The Company will continue to make reasonable regulations for the safety and health of its employees during their hours of employment. The Company's Safety Program shall provide for the involvement of the Union in its various aspects, including courses of action to avoid personal injury and damage to equipment, the proper use of materials, review of safety instructions, accidents, first aid measures, and to provide input through the Company Safety Committees for modification and/or adoption of safety instructions.

2. Whenever an Accident Investigation Report is made, as to an accident in which an employee represented by the Union is involved, the employee and the Chief Steward will receive a copy of the Investigation Report.

#### **D. Payroll Deductions for Union Dues**

The Company agrees to make weekly payroll deductions for Union dues upon written authorization of employees who are Union members with their signatures properly witnessed and to forward monthly the amounts so deducted to the Union.

### **ARTICLE III: WAGES AND HOURS**

#### **A. Wages**

1. The hereto attached Schedule of Wages shall be effective during the life of this Agreement.

2. The Company may hire new employees in any job classification at any rate of pay down to 15% below the straight-time hourly rate for such job classification as shown on the attached Schedule of Wages; provided, however, that if retained in service, the employee must be increased to the straight time hourly rate of pay for the job classification within

six (6) months of the date of hire or at such earlier date that the employee becomes fully qualified to perform the duties of the job classification.

3. An employee promoted to another job classification will be paid during the first six (6) months in the new job classification at an hourly rate which is the average of the rates shown on the attached Schedule of Wages for the employee's prior job classification and the new job classification.

4. The hourly rate for Lineworkers when performing 34.5 kV rubber gloving is set by adding one dollar (\$1.00) per hour to the similar lineworker's wage. If assigned this higher wage rate for any period, the employee shall receive this rate for the normal eight (8) hours of the day.

5. Utility Lineworkers assigned to a 3:00 PM to 11:00 PM work schedule shall receive a seventy-five cent (\$0.75) per hour shift differential during these hours and while on duty only under the terms of the Shift Differential Pay Policy, HR 1.19, effective June 1, 2000.

6. Utility Lineworkers assigned to a Saturday 7:00 AM to 3:00 PM work schedule shall receive a one dollar and twenty-five cents (\$1.25) per hour shift differential during these hours and while on duty only under the terms of the Shift Differential Pay Policy HR 1.19, effective June 1, 2000.

7. A Meter Reader Class I training a new Meter Reader Class II shall be paid a one dollar (\$1.00) per hour differential while performing such training. A new Meter Reader Class II will be trained solely by a Meter Reader Class 1. The Meter Reader Class 1 who provided the training would be selected from a group of volunteers. If there are not volunteers one will be appointed by the supervisor.

## **B. Working Hours**

1. The normal work week shall be forty (40) hours, and the normal work day shall be eight (8) hours, 7:00 AM to 3:00 PM, Monday through Friday between April 1<sup>st</sup> and November 30<sup>th</sup>. The working hours shall be 7:30 AM to 3:30PM for the months of December 1<sup>st</sup> through March 31<sup>st</sup>. A fifteen (15) minute break for lunch at the worksite is authorized.

2. These hours do not apply to the Stock Clerk, Assistant Plant Clerk, Plant Clerk, Secretary Records and Communication or the Utility Plant Inspector. The normal working hours for the above classifications shall be 7:00 AM to 3:30 PM Monday thru Friday with a half hour lunch which will normally be taken between 12:00 noon and 12:30 PM. If these employees are working off the road while constructing, maintaining, or patrolling transmission lines may, by mutual agreement, take a 20 minute lunch break and will be paid overtime for the normal 30 minute lunch period at the appropriate rate.

3. Utility Lineworker hours shall be Monday through Friday, 7:00 AM to 11:00 PM and Saturday 7:00 AM to 3:00 PM. Utility Lineworkers shall rotate monthly and equally between three work periods as follows: (Note: other work period rotations may be agreed to by management, provided the cycles are of equal duration)

a. Forty (40) hours: Tuesday through Friday, 7:00 AM to 3:00 PM or 7:30 to 3:30 during the months outlined under (1) above and Saturday 7:00 AM to 3:00PM.

b. Forty (40) hours: Monday through Friday, 7:00 AM to 3:00 PM or 7:30 AM to 3:30 PM during the months outlined under (1) above.

c. Forty (40) hours: Monday through Friday, 3:00 PM to 11:00 PM.

## **C. Standby Clause**

Standby duty consists of two (2) qualified lineworkers remaining within reach of a telephone or pager so that an employee on standby duty may be notified to report for work in cases of emergency or necessity outside of regularly scheduled working hours. Standby duty does not require any interruption of employee's normal life except to the extent of making arrangements so that the employee can be reached by telephone or pager within a reasonable driving time from the place the employee normally reports for work. At least fifty percent (50%) of total standby assignments shall be mandatory. For scheduling purposes, there shall be a minimum of one (1) week between assignments.

Standby duty shall be for the hours beginning at 7:00 AM Friday extending through the following Friday ending at 7:00 AM. Two qualified lineworkers shall be assigned standby duty. One standby lineworker shall cover off-hours calls and shall receive twelve (12) hours of straight time pay plus hours worked, plus three (3) hours of straight time pay for a week in which a holiday falls and the lineworker is on standby the majority of the hours on that holiday. The second lineworker shall cover non-Utility Lineworker hours and shall receive seven (7) hours of straight time pay plus hours worked, plus three (3) hours of straight time pay for a week in which a holiday falls and the lineworker is on standby the majority of the hours on that holiday. If the scheduled Utility Lineworker does not report to work, the second standby lineworker shall be required to cover such hours and shall receive one (1) hour of straight time pay per day of coverage plus hours worked.

## **D. Overtime**

1. Double time shall be paid for all hours worked on Sunday and holidays and time and one-half paid for all other hours worked outside of the normal work day or week.
2. When called out from their homes at times other than regular working hours employees shall receive an amount not less than that equal to four (4) hours straight-time pay when called out before midnight, and an amount not less than that equal to six (6) hours straight-time pay when called out between midnight and 5:00 AM. However, these call out minimums shall not apply when the hours worked are concurrent or connects with the employees beginning or end of their normal working hours. Time will begin immediately upon traveling to report to work and end upon returning home or their first stop upon being released from work not to exceed thirty (30) minutes each way unless such time is continuous with the regular work day or employee takes meal time while in route. Employees are expected to be fair and reasonable when charging for travel time.
3. When practicable, overtime work will be distributed equally among all employees of the department concerned. All overtime shall be included for the purposes of tracking employee unscheduled and scheduled overtime work. The Company shall not, however, be required to schedule overtime or to modify overtime schedules to accommodate employees whose normal work week is other than between the hours of 7:00 AM to 3:30 PM, Monday through Friday.
4. Employees assigned to work on planned weekend overtime will be notified as to the hours to be worked on the immediately preceding Friday by 3:30 PM, but only after being alerted on the immediately preceding Thursday of the anticipated Saturday work. The above mentioned Saturday planned weekend overtime relates to normal Company work and not customer related requests or other unforeseen circumstances. In the event of inclement weather, employees shall be dismissed immediately and if this dismissal occurs before or at the first half hour of work, employees shall be paid four (4) hours at straight time pay. If dismissal due to weather should take place after the first half hour of work the employees shall receive the greater of, four hours at straight pay or time and one half for hours worked.
5. The Company reserves the right to limit and assign the number of employees to any planned and scheduled overtime provided the current overtime list is followed.
6. If an employee is required to work sixteen (16) or more consecutive hours, a period of eight (8) hours off will be allowed before returning to work unless an emergency arises which makes it necessary for the Company to call the employee back to work before the expiration of the eight-hour (8) period. Employees working over sixteen (16) consecutive hours will be paid double time for the consecutive hours worked beyond sixteen (16). Any part of the eight-hour (8) period which extends into the employee's normal work schedule will be paid for at normal straight-time rates.

Time allowed off for meals will not prevent the hours worked from being considered as consecutive. If an employee is called and reports for work within two (2) hours of the time the employee went off duty or in the case where prior consecutive hours worked were sixteen (16) or greater, within eight (8) hours of the time of going off-duty, the time off will not prevent the hours worked thereafter from being considered as consecutive with the previous hours worked.

7. Unless an emergency arises, an employee who is required to work scheduled or unscheduled hours between midnight and 6:00 AM is entitled to a minimum aggregate of seven (7) hours of rest time between midnight and the beginning of their normal work schedule. If such rest time extends into the employee's normal workday, no reduction in pay will be made for the hours overlapping the normal workday. Rest time extending into the normal work schedule and having a duration of three (3) hours or less may be taken at the end of, rather than the beginning of, the normal work day, provided 50% of time worked occurred after 3:30 AM. If more than 50% of time worked occurred before 3:30 AM, rest time must be taken at the beginning of the workday. If an employee cannot take rest time because of work requirements, the employee shall receive two times their normal straight time rate of pay for all rest time hours worked during their normal work hours, provided there are other qualified company resources available performing non-emergency work.
8. When an employee is released from work during normal working hours in order to establish a shift and have employees readily available for an anticipated storm, the employee will be paid a storm rate equal to their normal straight time rate during those hours outside of the normally scheduled work day provided line contractors are engaged in restoration activities. The storm rate will apply on the first day of the storm only. Released employees are expected to be readily available until the Company notifies them that they no longer are required to remain available. It shall be the sole discretion of the Company to determine when the storm rate has been suspended. The Company will notify employees on the storm rate as soon as practicable that the storm has been suspended and they are no longer required to remain available. If such notification is greater than thirty (30) minutes past the storm rate termination time, the employee will be paid for all time up to notification.

## **E. Holidays**

1. Holiday Pay is provided under the terms of the Holiday Pay Policy HR 1.24, effective June 1, 2000. Holidays shall be considered to be the following days: New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, The Day after Thanksgiving and Christmas Day.
2. Four (4) additional days each year will be designated as "Floating Holidays", subject to the same provisions of this Agreement as any other designated holiday. The approval of all floating holidays will be in accordance with the

Company's Policies and Procedures for vacation and floating holiday scheduling.

3. If a holiday falls on a day on which an employee is not regularly scheduled to work and the employee does not work on such a holiday, the employee shall receive holiday pay (an amount equal to eight [8] hours straight-time pay) or at the discretion of the Company, a day off in lieu of such holiday pay; provided, however, that the Company shall have no obligation to grant a particular day off if the granting of such day off would require the Company to pay a premium rate of pay to another employee to fill in for the employee taking the day off.

4. If a holiday falls on a Saturday and is observed on a Friday, the Utility Lineworker scheduled to work the Tuesday through Saturday shift shall have the option of working either that Friday or the preceding Monday (at straight time rates).

## **F. Vacations**

1. Vacation Pay is provided under the terms of the Vacation Pay Policy HR 1.20, effective June 1, 2000.

*Employees must seek prior approval from their supervisors before taking vacation time and all questions regarding vacation leave should be directed to their immediate supervisor.*

The schedule below illustrates the accrual of the vacation leave benefit:

<u>Completed Years of Service</u>	<u>Entitlement</u>	<u>Monthly Accrual</u>
0 - 4 years	2 weeks	.833 days/month
5 - 9 years	3 weeks	1.25 days/month
10 - 19 years	4 weeks	1.67 days/month
20+ years	5 weeks	2.08 days/month

Employees earn the Monthly Accrual if they are employed for the entire month and are not on leave of absence without pay.

2. Vacation time has to be scheduled in advance with the employee's immediate supervisor. Because of scheduling difficulties and work load requirements, the Company reserves the right to schedule any vacation time in excess of two (2) weeks.

## **G. Classification Changes**

1. Reclassification:

a. When an employee is temporarily assigned to a higher wage classification for any period the employee shall receive the rate for such classification under Schedule of Wages attached. Employees temporarily reclassified under this section will continue to receive the rate of pay as long as the conditions for the reclassification continue to exist.

b. When a line crew composed of two or more employees is performing work the Lead Lineworker or Lead Line Technician on the crew shall be the employee in charge of the other employee or employees. If there is no Lead Lineworker or Lead Line Technician on the crew, the senior qualified employee on the crew shall be the employee in charge of the other employee or employees unless otherwise designated and shall be temporarily assigned to a higher wage classification and receive the rate for such classification under Schedule of Wages attached.

c. When a project requires two (2) or more line crews and these line crews are not working as an individual unit each crew will have an employee in charge of the other employee or employees. This employee will be a Lead Lineworker or Lead Line Technician. In cases where there is no Lead Lineworker or Lead Line Technician on the crew, the senior qualified employee on the crew shall be the employee in charge of the other employee or employees unless otherwise designated. This employee shall be temporarily assigned to a higher wage classification and receive the rate for such classification under Schedule of Wages attached as long as the conditions for the reclassification continue to exist.

2. Retrogression Pay:

a. If a regular full-time employee becomes partially incapacitated by reason of age or disability (provided that such disability [1] did not arise during the course of or as a result of employment by an employer other than the Company, who is subject to Worker's Compensation statutes, or [2] did not arise during the course of or as a result of the employee's activity as an independent contractor on a regular basis, or [3] was not

deliberately caused by or contributed to by the voluntary act of the employee) and thus is unable to perform fully the duties of the job classification, the Company will endeavor to give other work by placing the employee in the highest classification in which the employee is able to perform the work assigned and in which there is an available opening. The employee shall be given a reasonable opportunity for training to fill an available job which carries a rate of pay more nearly equal to the original rate, and if the employee becomes qualified for such available job, shall be placed in the classification. An assignment made under this Article shall continue until the employee's normal retirement date, provided that the employee remains qualified to perform the duties required of the job classification. During the period of assignment under this Article, employees shall be paid at the maximum rate for the classifications to which they are assigned, except those employees who have completed ten (10) or more years of continuous service at the time of assignment shall be paid not less than the percentage of their former rates indicated below, such percentage to remain the same for the balance of each employee's active employment. When rates of pay are adjusted by a general wage adjustment, employees so classified will receive an adjustment in pay in the amount by which the employee's retrogressed classification is adjusted.

b. Subject to the restrictions imposed by this Article relating to the availability of a job opening and the ability of the employee to perform the job, an employee suffering an occupational disability resulting from sickness or injury contracted in the course of Company employment, shall have the option of receiving a rate determined in accordance with the following table or such compensation as may be determined by the operation of the applicable Worker's Compensation law.

<u>Years of Service at Time of Assignment</u>	<u>Percentages</u>
25 or more	100%
20 - 24	95%
15 - 19	85%
10 - 14	75%

### 3. Termination Pay

a. If an employee's employment with the Company is terminated due to a reduction in work force resulting from automation or the closing of an operation, the employee shall, unless retired with pension benefits under the Pension Plan, be entitled to receive one-week's (1) pay for each six (6) months (calculated to the nearest six-month (6) period) of service with the Company; provided, however, that an employee receiving termination pay shall not be entitled to be rehired under the provisions of ARTICLE VII of this contract. The employee may have the option to take termination pay for up to one (1) full year.

## **H. Temporary Assignments Outside the Company's Service Area**

Work assignments with utilities outside the Company's service area are voluntary except when the utility is an affiliate of Unitil Corporation. If adequate volunteers cannot be obtained for work assignments at Unitil affiliates, personnel will be assigned. Employees will be paid for travel time, and transportation will be provided if requested. The rate of pay shall be in accordance with this agreement plus \$1.00 per hour. The additional \$1.00 per hour will be paid unless the employee is working for a current affiliate of Unitil Corporation. If an employee works outside the service area and is required to stay overnight, out-of-town pay will be paid. The employee will be paid the same as when working within the service area except that straight time rates will be paid for rest time.

This provision does not apply to assignments classed as nonworking (examples: training, schools, meetings, etc.).

## **I. Working Conditions**

1. Except when heat, cold, rain, snow, humidity, or other severe weather conditions make such work unsafe, or as defined in "a" or "b" below, employees are expected to perform outdoor work during inclement weather. As the severity of inclement weather varies and whether or not work can begin or continue depends, on part, upon the job involved. The manager, or a representative designated by the manager, will determine if weather conditions are such that it warrants cessation of work, consistent with safety. The Employer's representative on the job site will be instructed as to what constitutes inclement weather. Employees shall not lose any regular pay because of failure to work outdoors due to inclement weather, except in cases of disciplinary reasons.

a. Except in cases of necessity, emergency, or as set forth herein, Lineworkers shall not be required to do outdoor line work, which exposes them to inclement weather. For the purpose of this section, inclement weather will include extreme cold which shall be considered 12 degrees Fahrenheit or minus 10 degrees Fahrenheit wind-chill which will be determined by the thermometer at the Company's Drinkwater Road facility.

i. The following work shall be performed during all weather conditions except when the conditions are such that it would be unsafe to perform the work:

- 1) Installation, maintenance, and replacement of street/flood lights.
- 2) Company related planned service interruptions. An alternate date shall be scheduled and shall be met if the work is not completed on the original date.
- 3) Customer requested planned service interruptions. An alternate date will not be scheduled.

ii. Light precipitation assignments shall include, but not be limited to the following:

- 1) Installation, maintenance, and replacement of services, including secondary and transformer installations as necessary to complete these services.
- 2) Substation work on de-energized or isolated equipment, excluding climbing steel.
- 3) Motorized patrols.
- 4) Dead line work.
- 5) Material handling, stocking, delivery, loading, and unloading.

iii. Lineworkers will not be required to work on energized primaries or secondaries, during wet weather, except in emergencies or necessities and while performing work as described in the inclement weather section.

iv. When the temperature reaches 90 degree Fahrenheit, normal line work requiring the use of rubber gloves and/or sleeves will cease.

b. Meter Readers/Meter Workers/Meter Mechanics will not be required to read meters during heavy snow or sleet or in any severe weather conditions which would be considered detrimental to the safety of the employees. In making this determination, the supervisor along with the employee will consider factors which include driving/road conditions, walking conditions, location of routes to be read, a review of local weather conditions and forecasts and any relevant source of information. The supervisor will be responsible for making the final decision.

## **J. Tools and Equipment**

1. The Company shall provide Lineworker's equipment, consisting of climbing spurs, pads and straps, body belts and safety straps, pliers, connectors, skinning knives, leather gloves, adjustable wrenches, rules and screwdrivers, and replacements and renewals of them. All Lineworker's equipment shall be and remain the property of the Company. When renewals or replacements are requested, the old equipment must be turned in or its loss satisfactorily explained. All Lineworker's equipment shall be left on the property of the Company when not in use.
2. The Company shall provide all reasonably necessary tools for meter department employees.
3. The Company shall provide protective clothing for employees engaged in painting equipment.

## **K. Supervisors Working**

Full time supervisors above the rank of Working Foreperson will not customarily perform the same work which is performed by the employees whom they supervise, provided, however, that supervisors may perform such work for the purpose of instruction, training, and in cases of emergency. Emergencies, for the purpose of this section, shall be defined as including the following two descriptions: (1) customer outages or (2) an unexpected occurrence or set of circumstances demanding immediate action which threatens life, limb, property or the continuity of service.

## **L. Rubber Gloving**

As of June 25, 1995, the Company may adopt the practice of rubber gloving voltages up to and including 34.5 kV in line work. Any employee classified as Lineworker I, II, or III as of June 25, 1995, shall not be required to rubber glove voltages in excess of 15 kV. To the extent the Company requires rubber gloving of voltages between 15 kV and 34.5 kV, the work shall be carried out by volunteers within the Company who have achieved Lineworker I status or by a Lineworker I who is hired after June 25, 1995.

Lineworkers who were employees of the Company as of June 25, 1995, who volunteer for the 34.5 kV rubber gloving program shall have the option of leaving the program within one year from the day they volunteer, after the program goes online. The Company, upon receipt of written notice that employee's intent to leave the 34.5kV rubber gloving program, will immediately remove them from the program. It has been further agreed that the Company will confer with the Union with respect to appropriate safety rules for rubber gloving voltages up to and including 34.5 kV in line work.

## **ARTICLE IV: DIRECT DEPOSIT & 401(k) PLAN**

### **A. Direct Deposit**

The Company agrees to offer direct deposit of up to eight (8) accounts to employees upon written authorization by employees.

### **B. 401(k) Plan**

Unit #1 members may participate in the Company's 401(k) Plan. The Company agrees to make payroll deductions for payments to the duly-established 401(k) Plan upon written authorization by regular employees and to forward the amounts so deducted to the 401(k) Plan in accordance with such authority.

## **ARTICLE V: PENSIONS**

During the effective period of this Agreement, the Company will pay retirement benefits in accordance with Statement of Retirement Plan dated June 1, 2000, attached hereto.

## **ARTICLE VI: GROUP INSURANCE**

During the effective period of this Agreement, the Company will maintain Group Insurance as follows: Life, Accidental Death and Dismemberment, and Comprehensive Medical and Dental Plan in accordance with terms of statement dated June 1, 2000, attached hereto. In the event that there shall be enacted after June 1, 2000, state or federal legislation in addition to that now enacted which provides benefits in the field of health, medical, hospitalization and nursing care, the parties agree at the request of either one to confer to consider revising the benefits provided under this Agreement in said field in order to prevent duplication or overlapping.

## **ARTICLE VII: PROMOTIONS, DEMOTIONS, AND FURLOUGHS**

### **A. Promotions & Demotions**

Selection of regular employees for promotion within the bargaining unit, for demotion or furloughing because of a reduction in forces, shall be based upon qualifications and seniority. If the employee is qualified for the job in cases of promotion and demotion, seniority shall govern. In cases of furloughing, seniority shall govern. The Union and the Company recognize that it may be necessary to make exceptions in the application of the foregoing seniority provisions by mutual agreement in order to insure efficient operation of the Company's business. The determination by the Company as to qualifications for promotions to foremen and supervisors shall not be subject to arbitration under Article X. Seniority as used in this agreement for purposes of promotion, demotion, furloughing or lay-offs shall mean length of continuous service in one or more of the job classifications listed in schedule of wages and represented by IBEW Local 1837. For the purposes of promotions to certain positions having defined progression steps, employees shall be required to successfully complete a training program prior to being promoted to higher classifications. Successful completion shall be determined by passing written tests and the ability to demonstrate proper working techniques and practices.

### **B. Furloughs**

If and when there is an addition in forces in any department covered by this Agreement, employees who have been furloughed from such department shall be given preference over other persons, and employees who have been furloughed from any other department covered by this Agreement shall be given preference over persons not formerly in the employ of the Company, if in either case they are qualified in this Article.

### **C. New Positions**

1. When a vacancy or the creation of a new position necessitates promotion of any employee, or hiring a new employee, the Company shall post notices at locations accessible to the employees, such notices to remain posted for one week, within which time employees may apply in writing to the supervisor or official of the Company designated in the notice. The notices shall set forth the classification of the position to be filled, an outline of the duties, the hours and days of work, and wage rate, the date on which the notice is posted and the last day for filing applications. Applicants who have special qualifications may describe such qualifications briefly in their applications.

2. The Company may assign anyone to fill a vacancy or new position temporarily pending the posting of notices and the consideration of applications.

3. The Company may also assign anyone to perform temporary work or to replace an absent employee without regard to the foregoing provisions of this Article.

4. When an employee is promoted or transferred to another position but fails to qualify within six (6) months, the employee shall be reassigned to the class from which the employee was promoted or transferred. If the Company determines that the employee is qualified to perform the work in the class to which the employee was promoted or

transferred, but the employee desires to return to the previous class of work, the Company shall not reassign the employee until there is a vacancy in such previous class.

#### **D. Leave of Absences**

1. Employees are eligible for the Company's Unpaid Leave of Absence Policy HR 1.34, effective June 1, 2000, which allows for up to six (6) months off, unpaid, for personal reasons that do not qualify under other leave policies.
2. **Leave of Absence for Union Officials** - Time off without pay shall be granted upon the request of the Union to Union officials and/or duly elected delegates to the International Convention for the purpose of attending Conventions of the IBEW or to attend other conferences involving the Local Union, provided that (a) the absence of the employee shall not, in the opinion of the Company, interfere with the Company's operations or cause undue hardships to other employees, and (b) provided that the request for such time off shall be made as far in advance as possible, but in no case less than two (2) weeks in advance, and (c) the current Company's vacation policy and procedure will be used to establish the number of employees within a department that can be off at any one time. Maximum duration per occurrence would be one (1) week.
3. **Leave of Absences to Attend Funerals** Employees are eligible for the Company's Bereavement Pay Policy HR 1.15, effective June 1, 2000, which allows for three (3) days off with pay for a death in the family.

#### **ARTICLE VIII: MILITARY SERVICE**

1. Employees are eligible for the Company's Military Leave of Absence Policy HR 1.08, effective August 1, 1999, which allows for two (2) weeks off with pay for military training leave and four (4) months off with pay if an employee is activated as a result of a call-up order.

#### **ARTICLE IX: SUSPENSIONS AND DISCHARGES**

1. Upon written request of the Union made within seven (7) days from the date upon which an employee has been suspended or discharged, the Company shall grant a hearing to the employee involved. Upon receipt of the foregoing request in writing, the Company will inform the Union of the reason for the suspension or discharge. The hearing will be conducted by the department head or superior officer of the Company, and if exonerated, the employee will be reinstated without prejudice and compensated for loss in wages. The hearing shall be conducted in accordance with the method of adjusting grievances as provided in Article X herein.

#### **ARTICLE X: ADJUSTMENT OF DISPUTES OR GRIEVANCES**

1. The Union agrees that it will not authorize a strike or work stoppage and the Company agrees that it will not engage in a lockout, because of disputes over matters relating to this Agreement. The Union further agrees that it will take every reasonable means which are within its powers to induce employees engaged in a strike or work stoppage in violation of this Agreement to return to work. There shall be no responsibility on the part of the Union, its officers, representatives or affiliates, for any strike or other interruption of work unless specifically provided in this paragraph.
2. Any dispute or grievance arising during the term of this Agreement, relating to the meaning, interpretation, construction or application of this Agreement shall be settled in the following manner:
  - Step 1. The grievance shall be submitted in writing to the other party within fifteen (15) working days after the occurrence of the facts giving rise to the grievance.
  - Step 2. By agreement between the Department Head of the Department in which the grievance arises or the designated representative and Chief Steward of said Local Union No. 1837. Their agreement or failure to agree shall be stated in writing and rendered within fifteen (15) working days of the date the grievance was submitted.
  - Step 3. If the grievance is not settled in Step 2, either party may, within thirty (30) working days of the decision rendered in Step 2, appeal in writing for a decision by the Director of the Company and the Business Agent of the Union, or representative designated by them. An international representative of IBEW may be present at this step of the grievance procedure only to assist the local union. They shall render their agreement or failure to agree in writing within fifteen (15) working days of the date of the appeal to them.
  - Step 4. Any grievance not presented in accordance with applicable time limits or other requirements in the steps listed above shall be considered defaulted and settled. The time limits in any of the steps above may be extended by a written mutual agreement of both parties.
  - Step 5. **ARBITRATION:** If the Company and the Union are unable to settle a dispute or grievance as above provided, the dispute or grievance may be referred to arbitration by either party as follows: The Union and Company shall agree upon an arbitrator, but if they are unable to agree upon an arbitrator within ten (10) days, the arbitrator shall be appointed by the American Arbitration Association. The decision of the Arbitrator shall be final and conclusively binding upon the parties. The services and expenses of the arbitrator shall be shared equally by the Company and the Union.
3. It is agreed that there shall be no obligation to arbitrate a renewal of this Agreement or a change in, or supplement to, this Agreement or to arbitrate any matter not covered by this Agreement or some provision thereof. No arbitration decision shall be binding beyond the life of this Agreement.

4. It is understood and agreed that to be considered under this Article a grievance must be filed promptly after the occurrence thereof, provided further that there shall be no obligation to consider any grievance based upon facts which occurred more than six (6) months prior to the filing of said grievance under "First" of this Article.

5. The Director and the Chief Steward of the said Local Union shall meet from time to time at the request of either party for the purpose of discussing any matter coming within the scope of this Agreement.

6. All meetings between the Director and the Chief Steward of the Union shall be held at the Company office at the convenience of both parties, if possible.

#### **ARTICLE XI: SUCCESSORS**

This Agreement shall be binding on the Company and its successors and assigns.

#### **ARTICLE XII: NOTICES AND REQUESTS**

1. Except where specifically provided otherwise herein, all notices and requests shall be deemed to have been fully and completely served or made by the Company when sent by certified mail addressed to Chief Steward, Local Union No. 1837, Unit #1, International Brotherhood of Electrical Workers, and by the Union when sent by certified mail to Exeter & Hampton Electric Company at 114 Drinkwater Rd., Kensington, N.H. 03833-5602, unless either party hereto shall give notice of a different address at least five (5) days before any such notice or request is mailed.

2. The Company shall permit the reasonable use of bulletin boards for posting officially signed Union bulletins.

#### **ARTICLE XIII: UNION AGREEMENT**

The Union agrees that its members employed by the Company will work for the Company upon the terms and conditions set forth in the Agreement during its life.

#### **ARTICLE XIV: SICKNESS - INDUSTRIAL ACCIDENTS**

##### **A. Sickness**

1. Employees covered by this Agreement are eligible for the Company's Sick Pay Policy HR 1.12, effective June 1, 2000, and shall be entitled to two weeks sick pay during the first year of employment. After one year of employment, employees will be entitled to up to twenty-six weeks of sick pay.

2. The Company shall have the right, in each instance in which an employee claims sick pay under any of the provisions of the Article, to satisfy itself of the fact of sickness requiring absence by the certificate of a competent physician, examination, or otherwise.

##### **B. Accidents**

1. Time lost on account of industrial accidents will not be regarded as sickness.

2. The Company agrees to pay during disability due to industrial accidents the difference between the amount of compensation from Worker's Compensation Insurance and full pay for a period not to exceed twenty-six (26) weeks.

3. If any employee's sickness and/or injury is the result of an action of a third party the employee shall assist the employer in recovering sick pay and other associated costs from the third party.

#### **ARTICLE XV: TERMINATION**

1. This Agreement when signed by the Company and the Local Union or their authorized representatives and approved by the International Office of the Union, shall take effect June 1, 2000 and shall remain in effect through May 31, 2005. It shall continue in effect from year to year thereafter, from June 1, 2000 through May 31<sup>st</sup> of each year, unless changed or terminated in the way provided herein.

2. Either party desiring to change or terminate this Agreement must notify the other in writing at least sixty (60) days prior to May 31<sup>st</sup> of any year after 2000. When notice for changes only is given, the nature of the changes desired shall be specified in the notice; however, the listing of changes shall not preclude submission of other changes desired during negotiations. If the parties cannot agree upon changes, either party shall have a right to terminate the contract .

3. This Agreement shall be subject to amendment at any time by mutual consent of the parties hereto. Any such amendment agreed upon shall be reduced to writing, signed by the parties hereto and approved by the International Office of the Union.

#### **ARTICLE XVI: SPECIAL PROVISIONS**

1. In the event State or Federal legislation is enacted that would mandate a change that conflicts with this agreement or benefits program, the State or Federal legislation will govern.

2. In the event of any conflict between acts of past practice and specific items covered in this agreement, the agreement will govern.

IN TESTIMONY WHEREOF the parties hereto have executed this Agreement this day and year first written above.

For the

EXETER & HAMPTON ELECTRIC  
COMPANY

By:

Raymond A. Letourneau, Jr.  
Director

For the

EMPLOYEES OF EXETER &  
HAMPTON ELECTRIC CO. covered by  
this Agreement and

INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:

Thomas D. Clements  
Assistant Business Manager  
Local Union No. 1837-1

By:

Willis J. Mailhot  
Chief Steward  
Local Union No. 1837-1

By:

Donald M. Palmer II  
Assistant Steward  
Local Union No. 1837-1

Approved: \_\_\_\_\_

International President

International Brotherhood of

Electrical Workers

### SCHEDULE OF WAGES

#### EXETER & HAMPTON ELECTRIC COMPANY

#### **Hourly Rates Effective June 1<sup>st</sup> of Each Year**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Utility Lineworker-First Class	24.79	25.66	26.45	27.24	28.06
Utility Lineworker-Second Class (2 yr. tr.)*	20.90	21.63	22.30	22.97	23.66
Utility Lineworker-Third Class (1 yr. tr.)*	17.83	18.46	19.03	19.60	20.19
Lead Lineworker	25.05	25.92	26.73	27.53	28.35
Lineworker-First Class	23.75	24.58	25.35	26.11	26.89
Lineworker-Second Class (2 yr. tr.)	20.48	21.20	21.86	22.51	23.19
Lineworker-Third Class (1 yr. tr.)*	17.42	18.03	18.59	19.15	19.72
Lead Line Technician	24.78	25.79	26.85	27.95	29.10
Line Technician I	23.44	24.37	25.34	26.35	27.39
Line Technician II (2 yr. tr.)*	20.17	20.97	21.81	22.68	23.59
Line Technician III(1 yr. tr.)*	17.08	17.76	18.47	19.21	19.97
Lead Meter Mechanic	22.87	23.67	24.41	25.14	25.89
Meter Mechanic Class I	21.58	22.34	23.03	23.72	24.43

Meter Mechanic Class II (2 yr. tr.)*	18.64	19.29	19.89	20.49	21.10
Meter Mechanic Class III (1 yr. tr.)*	17.01	17.60	18.15	18.69	19.25
Meter Worker	17.73	18.35	18.92	19.49	20.07
Utility Plant Inspector	17.83	17.83	18.38	18.93	19.50
Secretary, Records/Communications	12.95	13.98	15.09	16.29	17.58
Plant Clerk	15.09	15.62	16.10	16.59	17.08
Assistant Plant Clerk	13.77	14.25	14.69	15.13	15.58
Stock Clerk I	16.89	17.48	18.03	18.57	19.12
Stock Clerk II (1 yr. tr.)*	15.13	15.66	16.14	16.63	17.13
Stock Clerk III (1 yr. tr.)*	12.95	13.40	13.82	14.23	14.66
Meter Reader Class I	16.82	17.41	17.95	18.49	19.04
Meter Reader Class II (1 yr. tr.)*	16.05	16.61	17.13	17.64	18.17

For Temporary Foremen see Mutual Working Agreement - Temporary Foreman

\*Training positions for progression to next classification. Must successfully complete an approved training program before progressing to the next step.

## EXETER & HAMPTON ELECTRIC COMPANY

### GROUP INSURANCE

There shall be maintained a Group Insurance program with the following benefits:

#### **Basic Group Life Insurance**

Employees are eligible for group life insurance coverage in the amount of two times their base pay (hourly rate times 2080 hours), rounded to the next higher full thousand.

Exeter & Hampton Electric Company pays insurance premium cost.

#### **Accidental Death and Dismemberment**

Employees are eligible for accidental Death and Dismemberment coverage up to a maximum of one times their base pay (hourly rate times 2080), rounded to the next higher full thousand.

Exeter & Hampton Electric Company pays insurance premium cost.

#### **Insurance After Retirement**

Employees retired on a pension will continue Group Life Insurance equal to \$7,500.

#### **Long-Term Disability Insurance**

Employees are eligible for long-term disability insurance coverage equal to 60% of their base pay (as defined above). The waiting period to begin collecting benefits is 180 calendar days of disability. Benefits are payable for two (2) years if the Employee is disabled from performing -their own occupation, or to age 65 if the Employee is totally and permanently disabled from performing any occupation. Benefits from the plan are offset by other sources of disability income. Employees become eligible for coverage on the first of the month following completion of one (1) year of service.

While collecting LTD benefits, an employees other benefits will continue as specified in the Company Policy on Continuation of Benefits While on Long Term Disability/Extended Medical Leave of Absence, HR 1.36, effective June 1, 2000.

#### **Medical Insurance**

##### **Point of Service Plan:**

Provides employees with a choice each time there is a claim between receiving HMO style benefits or indemnity style benefits.

**HMO Style Benefits** -- Benefits received from a Primary Care Physician or as a result of a referral from the Primary Care Physician are subject to a \$5 copayment.

**Indemnity Style Benefits** -- Benefits that are received without a referral from the employee's (or dependent's) Primary Care Physician are subject to an annual \$250/person (\$500/family) deductible, followed by 80% coverage for the next \$5,000 of covered expenses per person (\$1,000 per person in coinsurance payments).

Prescription drugs are subject to a \$10 copayment per 30 day supply of brand name drug, a \$5 copayment per 30 day supply of generic drug, or a \$5 copayment per 90 day supply of drugs ordered via mail order prescription service.

Retirees under sixty-five (65) and their dependents will be covered by the same medical plan as active employees, described above, and the Company will pay the premium for Retirees and their dependents for the first year following retirement. After this first year, retirees and their dependents will be eligible to receive medical insurance benefits from the Unitil Retiree Trust.

Active employees and retirees sixty-five (65) years or over will be covered by a supplement to Medicare Plan paid for by the Company. The eligible dependents (age 65 or over) of these active employees and retirees sixty-five (65) or over will also be covered by the Supplemental to Medical Plan with full premium paid for by the Company. The Company will pay the premium for the retirees and their dependents for the first year following retirement. After this first year, retirees and their dependents will be eligible to receive medical insurance benefits from the Unitil Retiree Trust.

### **Group Dental Plan**

Group Dental Care Insurance is provided for employees and their eligible dependents and is briefly outlined as follows:

#### Deductible

There is one \$25.00 deductible per person per Calendar Year with a maximum of \$75.00 per family each calendar year.

This deductible does not apply to Coverage I and IV benefits, but does apply to Coverage II and III benefits.

Coverage I - Diagnostic and Preventative, 100% Payment.

#### Diagnostic

Initial Examination;

Examinations to determine the required dental treatment two times in a calendar year;

Full Mouth/Panorex X-Rays once in a three (3) year period;

Bitewing X-Rays twice in a calendar year;

X-Rays of individual teeth as necessary.

#### Preventative

Cleanings two (2) times in a calendar year;

Fluoride - twice in a calendar year (age limit 19)

Space Maintainers.

Coverage II - Restorative, after deductible, 80% paid by insurance, 20% paid by patient.

Amalgam, Silicate and Acrylic restorations;

Oral Surgery - Extractions;

Endodontics - Pupal therapy; root canal therapy;

Periodontics - Treatment of gum disease, includes periodontal cleanings;

Denture Repair - Repair of removable denture to its original condition;

Emergency Treatment - Palliative.

Coverage III - After deductible, 50% paid by insurance, 50% by patient.

Crowns and buildups for crowns;

First placement of inlays and bridges;

First placement of partial or full dentures.

Coverage IV - Orthodontia, 50% paid by insurance, 50% paid by patient.

#### Maximum Contract Year Benefit -

The maximum amount which the plan will pay is -\$1,250, per person per Calendar Year. Orthodontia lifetime maximum is \$1,000 per person.

Employees shall pay 10% of the total cost for medical and dental insurance coverage. Such premiums shall be subject to the following weekly dollar caps:

#### **Employee Weekly Premium Contributions**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Single</b>	\$5.17	\$5.94	\$6.83	\$7.86	\$9.04	\$10.39
<b>Two Person</b>	\$10.22	\$11.76	\$13.52	\$15.55	\$17.88	\$20.56
<b>Family</b>	\$15.41	\$17.72	\$20.38	\$23.44	\$26.95	\$30.99

Employees will have the option of contributing premiums on a pre-tax basis under the terms of the Unital Corporation Pre-Tax Premium Plan.

Employees will also have the option of dropping medical insurance coverage and receiving two months of company contributions towards the premium, rounded to the nearest \$10.

If an employee dies, medical and dental insurance coverage will be continued for the employee's spouse and dependent children for up to six months under the terms of the Medical and Dental Insurance Extension Policy HR 1.26, effective June 1, 2000.

#### **Supplemental Group Term Life Insurance**

Employees will have the option of purchasing supplemental group term life insurance equal to 1x, 2x, or 3x their base pay (hourly wage times 2080), and pay the premiums through payroll deduction. The first \$100,000 coverage will be issued without any evidence of insurability if the employee signs up for coverage when initially eligible. Evidence of insurability may be required by the insurance company: 1) If the employee declines coverage and later decides to enroll in the plan after the initial eligibility period, 2) if the employee decides to increase coverage as a multiple of base pay, or 3) for any coverage exceeding \$100,000.

#### **Supplemental Accidental Death and Dismemberment**

Employees will have the option of purchasing individual or family supplemental accidental death and dismemberment insurance in increments of \$10,000 and pay the premiums through payroll deduction. Maximum coverage is \$300,000.

#### **Long Term Care Insurance**

Employees will have the option of purchasing long term care insurance for nursing home and home health care benefits. Such policies can cover the employee, the employee's spouse, parents or in-laws, and the employee will receive the benefit of a group discount and pay the premiums through payroll deduction. Employees will have the opportunity to design individual policies that meet their individual needs.

This benefit summary is for informational purposes only. The benefits are described more fully in the applicable master group insurance policy. The extent of coverage for each individual is governed at all times by that document. In the event of any conflict between this summary and the plan documents, the plan document will govern.

While the Company expects to continue indefinitely the benefits provided under these plans, it agrees to continue them only for the term of the Contract with employees of Exeter & Hampton Electric Company covered by the Agreement and International Brotherhood of Electrical Workers and Local Union 1837, dated June 1, 2000.

### **EXETER & HAMPTON ELECTRIC COMPANY**

#### **RETIREMENT PLAN**

A retirement plan is provided for employees and is briefly outlined below.

The word "wages" as hereinafter used, shall mean straight-time wages, and shall include no daily or weekly overtime.

#### **Eligibility**

Any employee of the Company shall or may retire on a retirement benefit subject to the provisions and conditions hereinafter set forth:

1. An employee who has attained the Normal Retirement Date (first day of the month in which occurs an employee's 65th birthday) and ceases active service with the Company shall be entitled to a pension.
2. An employee shall be entitled to a disability retirement benefit if the employee has completed 15 or more years of Credited Service (excluding service before age 18) and becomes totally and permanently disabled. In order to be eligible for a disability pension the employee must:

a. Be totally and permanently prevented from engaging in any occupation or employment for wages or profit.

b. The disability must not have been incurred while the employee was engaged in:

- (1) criminal act
- (2) service in the armed forces
- (3) habitual drunkenness or addiction to a narcotic
- (4) intentional self-inflicted injury
- (5) act or disease resulting during the course of employment with an employer other than the Company.

Further, that the disability pension may be discontinued should the employee refuse to be examined by a physician designated by the plan. The pension would be computed on the basis of the Credited Service and Average Monthly Wages at the time of the disability retirement. Such pension shall commence on the employee's Normal Retirement date. On each January 1<sup>st</sup> prior to the Employee's Normal Retirement Date the monthly pension payable to a disabled employee shall be increased to reflect an additional year of Credited Service which would have accrued to the employee.

3. An employee with fifteen (15) years of Credited Service and who has attained age fifty-five (55) may elect to retire on an Early Retirement Date, which may be the first day of any month thereafter prior to the employee's Normal Retirement Date. The Company requests that the employee notify the Company in writing at least ninety (90) days prior to such date of intention to retire early.

#### **Determination of Amount of Normal Retirement Benefit**

##### **A. Basis:**

The basis for the computation of the amount of the retirement benefit shall be the employee's average monthly wage for the last five (5) years of Credited Service or the employee's average monthly wages for any consecutive five-year period during the employee's last twenty (20) years of Credited Service, whichever amount is larger.

##### **B. Amount:**

Based upon average monthly wages determined as above stated, the employee shall be eligible for a monthly retirement benefit payable in advance, computed as follows:

1. For each of the first twenty full years of Credited Service - 2% of said average monthly wages, plus
2. For each full year of Credited Service in excess of twenty full years and not in excess of thirty full years - an additional 1% (one percent) of said average monthly wages, plus
3. For each full year of Credited Service in excess of thirty years - an additional 1/2 of 1% (one-half percent) of said average monthly wages, such sum to be reduced by:
4. Fifty (50%) percent of such employee's Primary Social Security Benefit payable under the Federal Social Security Act in effect on December 31, 1970: such reduced sum to be further reduced by:
5. The amount of monthly retirement benefit, if any, to which the employee is entitled under any retirement plan maintained by a former employer for which credit is given under the Plan (i.e. another Unitil System Company).

#### **Determination of Amount of Early Retirement Benefit**

The monthly amount of Early Retirement Benefit payable to an employee retiring on the employee's Early Retirement Date shall be equal to the employee's Normal Retirement Benefit based on Credited Service to the Early Retirement Date, reduced on the basis of the following schedule:

Early Retirement Age	Percent Reduction of Normal Retirement Benefit	Early Retirement Benefit Expressed As a % of Normal Retirement Benefit
65	0%	100%
64	0%	100%
63	0%	100%
62	0%	100%
61	0%	100%
60	0%	100%
59	5%	95%
58	10%	90%

57	15%	85%
56	20%	80%
55	25%	75%

-

## **Normal Form of Benefits**

### **A. Monthly Annuity for Life**

An employee who is unmarried at retirement will receive a retirement benefit as a monthly annuity for as long as the employee lives. Upon death, no death benefits will be payable to any beneficiary.

### **B. Joint and Survivor Annuity with Spouse**

An employee who is married at retirement and who does not elect to receive the retirement benefit as a monthly annuity for life or one of the Optional Forms of Benefits will receive an actuarially reduced benefit for as long as the employee lives with fifty (50%) percent of such reduced benefit payable after death to the employee's spouse for as long as such spouse lives. The reduction is based upon the life expectancies of the employee and spouse on the employee's retirement date.

## **Optional Form of Benefits**

### **A. Contingent Annuitant Option**

An employee may elect, instead of the retirement benefit as heretofore provided, to have reduced retirement benefits made commencing on the employee's retirement date and after death such reduced payments, or any lesser amount selected by the employee, will be continued to the designated beneficiary, if living after the employee's death, for the beneficiary's lifetime.

### **B. Ten (10) Year Certain and Life Annuity**

An employee may elect that the retirement benefit, payable on the retirement date, be reduced with the guarantee that not less than one hundred and twenty (120) monthly payments will be made either to the employee or the named surviving beneficiary.

### **C. Five (5) Year Certain and Life Annuity**

An employee may elect that the retirement benefit, payable on the retirement date, be reduced with the guarantee that not less than sixty (60) monthly payments will be made either to the employee or the named surviving beneficiary.

If any of the above options are elected, the provisions for a minimum annual retirement benefit shall only apply prior to any reductions under the above options.

## **Minimum Retirement Benefit**

In no event will the Company pay any employee who retires with fifteen years of Credited Service an annual normal retirement benefit of less than \$1,200 in addition to such sums, if any, as the employee may receive as "Primary Insurance Benefits" under the Federal Social Security Act.

## **Spouse's Benefit**

A Spouse's Benefit shall be payable to an employee's spouse in the event of the employee's death prior to the Normal Retirement Date, provided at least fifteen (15) years of Credited Service was completed and the employee has been married to the surviving spouse for at least one (1) year.

The monthly amount of the Spouse's Benefit shall be one half of the amount of Retirement Benefit which would have been payable had the deceased employee retired, rather than died, on the day before death, reduced, however, by one (1%) percent for each full year in excess of two (2) by which the deceased employee's age exceeds the Spouse's age.

A minimum of fifty (\$50.00) dollars per month shall be payable.

Spouse's Benefit payments shall terminate with the last payment due preceding death.

The monthly amount of the Spouse's Benefit shall be one-half of the amount of Retirement Benefit which would have been payable had the deceased employee retired, rather than died, on the day before death, reduced, however, by one (1%) percent for each full year in excess of two (2) by which the deceased employee's age exceeds the Spouse's age.

A minimum of fifty (\$50.00) dollars per month shall be payable.

Spouse's Benefit payments shall terminate with the last payment due preceding death.

### **Deferred Termination Benefit**

An employee who terminated employment after five (5) or more years of Credited Service shall be entitled to a Deferred Termination Benefit equal to that portion of the Normal Retirement Benefit accrued to the date employment terminates.

A Deferred Termination Benefit shall commence on an employee's Normal Retirement Date. A reduced Deferred Termination Benefit is available as early as age fifty-five (55).

The specific details of the retirement plan will be as described in the retirement plan documents. While the Company expects to continue indefinitely the benefits provided for under the retirement plan, it agrees to continue them only for the term of the Contract with the employees of the Exeter & Hampton Electric Company covered by the Agreement and the International Brotherhood of Electrical Workers and Local Union No. 1837, Unit #1, dated

June 1, 2000.

Raymond A Letourneau, Jr.

Director

## **MUTUAL WORKING AGREEMENTS**

**BETWEEN**

**EXETER & HAMPTON ELECTRIC COMPANY**

**AND**

**IBEW LOCAL UNION NO. 1837-1**

## **MUTUAL WORKING AGREEMENT**

**BETWEEN**

**EXETER & HAMPTON ELECTRIC COMPANY**

**AND**

**IBEW LOCAL UNION NO. 1837-1**

### **MEAL ALLOWANCES**

The purpose of this agreement is to set guidelines to provide meals and/or meal allowances for employees.

A. The Company will provide employees with meals if the employee is required to work through meal times outside their normal work hours or scheduled overtime.

B. Employees will not be required to make their own arrangements for more than one (1) meal during any continuous work period. Employees called in one (1) or more hours prior to their normal start time and whose time is continuous with their normal workday shall be entitled to a noon meal allowance provided the employee is not released prior to 12:00 noon.

C. Employees are entitled to a hot (if available), nutritious and substantial meal at a reasonable cost to the Company. The guidelines to be used for the cost of meals will be as follows:

- |                 |          |
|-----------------|----------|
| 1. Morning Meal | \$7.50*  |
| 2. Noon Meal    | \$7.50*  |
| 3. Evening Meal | \$13.50* |
- \* (Tax and tip included, receipts are required.)

The Company shall furnish a meal under the following conditions:

A. During days employees are scheduled to work:

1. Employees will be provided with a morning meal if they are called in for work one (1) or more hours before their scheduled work day begins and work through the hour of 6:00 a.m. to 7:00 a.m.
2. The employee will be provided with an evening meal if they are required to continue working two (2) or more hours beyond their regular scheduled work day.

B. During days employees are not scheduled to work:

1. Employees will be provided with a morning meal if they work at least two (2) continuous hours which includes the hour of 6:00 a.m to 7:00 a.m.
2. Employees will be provided with a noon meal if they work at least (2) continuous hours which includes the hour of 12:00 noon to 1:00 p.m.
3. Employees will be provided with an evening meal if they work at least two (2) continuous hours including at least one (1) hour between 4:30 PM and 6:30 PM.

C. Corresponding meal provisions will be made at the Noon Meal rate for meal periods at approximately five (5) hour intervals during the remainder of the work period on either scheduled or nonscheduled work days.

D. Employees will be paid for time spent eating when required to return to work after they have eaten. If employees elect to eat after completing a job but before returning to the Operations Center, then they will be paid for one-half hour of time to eat.

E. An employee released from work may elect to receive a payment of \$5.00 in lieu of a meal he or she is entitled to under the conditions of this policy.

F. In the event of storms or system emergencies, as declared by the Director, the Company will provide meals as needed in lieu of this policy.

This mutual working agreement will be effective from the date of execution until May 31<sup>st</sup>,2005.

For the  
EXETER & HAMPTON ELECTRIC  
COMPANY

By:  
Raymond A. Letourneau, Jr  
Director

For the  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:  
Thomas D. Clements  
Assistant Business Manager

By:  
Willis J. Mailhot  
Chief Steward

By:  
Donald M. Palmer II  
Assistant Steward

**MUTUAL WORKING AGREEMENT  
BETWEEN  
EXETER & HAMPTON ELECTRIC COMPANY  
AND  
IBEW LOCAL UNION NO. 1837-1**

**RESIDENCY REQUIREMENTS**

Employees in the following job positions are required to maintain residency within a geographical area, defined as being 20 minutes from the Kensington service building, as a condition of remaining qualified within the specified job positions. The 20 minutes shall be determined by distance and posted speed limits.

1. Utility Line Worker - First Class
2. Utility Line Worker - Second Class
3. Utility Line Worker - Third Class
4. Lead Line Worker
5. Line Worker - First Class
6. Line Worker - Second Class
7. Line Worker - Third Class
8. Lead Line Technician
9. Line Technician I
10. Line Technician II
11. Line Technician III
12. Lead Meter Mechanic
13. Meter Mechanic Class I
14. Meter Mechanic Class II
15. Meter Mechanic Class III
16. Meter Worker
17. Utility Plant Inspector

This geographical agreement will apply to new employees accepting positions after June 1, 2000. Employees in the above job positions that were hired prior to June 1, 2000 are required to maintain residency within a geographical area, defined as being and including a circle drawn with a fifteen (15) mile radius having a fixed point at the Kensington service building, as a condition of remaining qualified within the specified job positions. Additionally, this fifteen (15) mile radius area will apply to employees in these positions hired prior to June 1, 2000 that change their permanent residence and any employee hired prior to June 1, 2000 who accepts one of the above job positions after June 1, 2000.

This mutual working agreement will be effective from the date of execution until  
May 31, 2005.

For the  
EXETER & HAMPTON ELECTRIC  
COMPANY

By:  
Raymond A. Letourneau, Jr.  
Director

For the  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:  
Thomas D. Clements  
Assistant Business Manager

By:  
Willis J. Mailhot  
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By:  
Donald M. Palmer II  
Assistant Steward

**MUTUAL WORKING AGREEMENT  
BETWEEN  
EXETER & HAMPTON ELECTRIC COMPANY  
AND  
IBEW LOCAL UNION NO. 1837-1**

**TEMPORARY FOREMAN**

The purpose of this agreement is to set guidelines for Temporary Foreman's pay.

A. Non-supervisory employees assigned the responsibility of performing the duties of a Supervisor shall be designated Temporary Foreman and paid an additional 60 cents per hour.

Employees designated as Temporary Foremen will continue to receive the rate of pay through the duration of continuous work time as long as the conditions for assignment continue to exist.

This mutual working agreement will be effective from the date of execution until

May 31, 2005

For the  
EXETER & HAMPTON ELECTRIC  
COMPANY

By:  
Raymond A. Letourneau, Jr.  
Director

For the  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:  
Thomas D. Clements,  
Assistant Business Manager

By:  
Willis J. Mailhot  
Chief Steward

By:  
Donald M. Palmer II  
Assistant Steward

**MUTUAL WORKING AGREEMENT  
BETWEEN  
EXETER & HAMPTON ELECTRIC COMPANY  
AND  
I.B.E.W. LOCAL UNION NO. 1837-1**

**METER READING**

The purpose of this Agreement is to set guidelines for the completion of reading assigned meter reading routes.

Employees reading meters must finish their assigned routes each day, unless weather or other unforeseen circumstances prevent the completion, and provided the employees have advance knowledge of the route assigned. If completion is not feasible, the employee must notify the supervisor or their designee that completion is not feasible and the circumstances involved. The supervisor will consider all relevant factors in determining when work will cease and make any special arrangements that may be necessary. With the exception of Article III, paragraph I., b. of the Labor Agreement, assigning routes and determining whether or not routes shall or shall not be read, in part or whole, rests solely with the Company's supervisor or their designee.

This mutual working agreement will be effective from the date of execution until

May 31, 2005.

For the  
EXETER & HAMPTON ELECTRIC  
COMPANY

By:

Raymond A. Letourneau, Jr.  
Director

For the  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:

Thomas D. Clements  
Assistant Business Manager

By:

Willis J. Mailhot  
Chief Steward

By:

Donald M. Palmer II  
Assistant Steward

**MUTUAL WORKING AGREEMENT  
BETWEEN  
EXETER & HAMPTON ELECTRIC COMPANY  
AND  
I.B.E.W. LOCAL UNION NO. 1837-1**

**TIME OFF WITH PAY FOR PHYSICALS**

Employees that are required to maintain a commercial drivers license in order to fulfill the minimum requirements of their position description, shall be allowed time off with pay to have a physical with the following provisions:

- 1) The time off is at the end of the employees normal working hours.
- 2) The maximum time allowed off is two (2) hours.
- 3) Those employees who have HMO coverage shall only be reimbursed the co-payment amount towards such physical.

This mutual working agreement will be effective from the date of execution until

May 31, 2005.

For the  
EXETER & HAMPTON ELECTRIC  
COMPANY

By:

Raymond A. Letourneau, Jr.  
Director

For the  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:

Thomas D. Clements  
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**MUTUAL WORKING AGREEMENT  
BETWEEN  
EXETER & HAMPTON ELECTRIC COMPANY  
AND  
I.B.E.W. LOCAL UNION NO. 1837-1**

**JURY DUTY**

Employees that have been selected for jury duty and are required to report to such duty at 9:00 AM or sooner, will not be required to report to work for the hours prior to the start of the jury duty.

Employees are eligible for the Company's Jury Duty Policy HR 1.27, effective June 1, 2000, which allows for unlimited time off with pay if an employee is required to serve as a member of a jury or is subpoenaed to appear in court in a capacity other than a plaintiff or defendant.

This mutual working agreement will be effective from the date of execution until

May 31, 2005

For the  
EXETER & HAMPTON ELECTRIC  
COMPANY

By:  
Raymond A. Letourneau, Jr.  
Director

For the  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:  
Thomas D. Clements,  
Assistant Business Manager

By:  
Willis J. Mailhot  
Chief Steward

By:  
Donald M. Palmer II  
Assistant Steward

**MUTUAL WORKING AGREEMENT  
BETWEEN  
EXETER & HAMPTON ELECTRIC COMPANY  
AND  
I.B.E.W. LOCAL UNION NO. 1837-1**

**SAFETY SHOES**

The purpose of this Mutual Working Agreement is to establish standardized Company reimbursement for the cost of employees safety shoes.

If an employee is required to wear safety shoes for their job as defined in the Company's safety manual, the Company will reimburse the employee up to \$100.00 per year for the cost of safety shoes.

Replacement safety shoes will be made on a case-by-case basis. The Company reserves the option to require employees to support the cost of replacement safety shoes when, in the opinion of the Company, safety shoes were worn or damaged through neglect.

In order to receive a shoe allowance, an employee must present the Company with a receipt to evidence the purchase of the shoes and may be requested to present the worn or damaged shoes that are being replaced. Shoe purchases must meet the standards established by the Company, O.S.H.A. and A.N.S.I..

This mutual working agreement will be effective from the date of execution until May 31, 2005.

For the  
EXETER & HAMPTON ELECTRIC  
COMPANY

By:  
Raymond A. Letourneau, Jr.  
Director

For the  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS AND  
LOCAL UNION NO. 1837, UNIT #1

By:  
Thomas D. Clements,  
Assistant Business Manager

By:  
Willis J. Mailhot  
Chief Steward

By:  
Donald M. Palmer II  
Assistant Steward

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AGREEMENT made and entered into by FITCHBURG GAS AND ELECTRIC LIGHT COMPANY, a Massachusetts corporation hereinafter called the ""Company"" and THE BROTHERHOOD OF UTILITY WORKERS OF NEW ENGLAND, INCORPORATED, LOCAL NO. 340 UTILITY WORKERS UNION OF AMERICA, AFL-CIO, BROTHERHOOD OF UTILITY WORKERS COUNCIL, LOCAL B340, thereof, and the employees of the Company who are now or may hereafter become members of said Local, hereinafter called the ""Brotherhood"".

WITNESSETH that:

WHEREAS, the Brotherhood represents a majority of all employees of the Company at its Fitchburg, Massachusetts plant, excluding confidential employees, executives, forepersons, crew forepersons, and all other supervisory employees who have authority to hire, promote, discipline, discharge or effectively make such recommendations, and has been designated by said majority to be the exclusive representative of all said employees for the purposes of collective bargaining with respect to rate of pay, wages, hours of employment and other conditions of employment; and

WHEREAS, both the Company and the Brotherhood desire to promote harmony and efficiency in the working forces so that the employees and the Company may obtain mutual economic advantages consistent with the duty of the Company as a public utility to provide at all times an adequate and uninterrupted supply of electric and gas services in the territory and communities which it serves.

NOW, THEREFORE:

As to wages to be paid by the Company, as to working conditions involved in the Company's operations, and as to the application of the principle of seniority to changes in the Company's forces, the parties hereto, each by its duly authorized representatives, agree as follows:

#### ARTICLE I DEFINITIONS

The Company and the Brotherhood mutually agree that for the purpose of this agreement, the following definitions apply:

Regular Employee - one who, subject to a six (6) months" probationary period, is hired on a regular basis.

Temporary Employee - one who is hired for a specific job and/or period of time but who it is not intended to become a regular employee as defined above and whose employment is not intended to last for more than (six) 6 months. If their employment continues for more than six (6) months, they becomes a ""regular"" employee as defined above.

Part-time Employee - an employee who is hired to work less than the regularly scheduled workweek

#### ARTICLE II RECOGNITION OF BROTHERHOOD

The Brotherhood is hereby recognized as the exclusive representative of all employees of the Company at its Fitchburg, Massachusetts plant, excluding confidential employees, executives, forepersons, crew forepersons and all other supervisory employees who have authority to hire, promote, discipline, discharge or effectively make such recommendation for the purposes of collective bargaining with respect to wages, hours of employment and other conditions of employment.

ARTICLE III  
BROTHERHOOD MEMBERSHIP REQUIREMENTS

The Company agrees that until the termination of this agreement it will require as a condition of employment that all employees subject to this agreement shall become members of the Brotherhood.

The Company agrees that it shall require as a condition of employment that all new employees hereafter employed by the Company in any class of work to which this agreement applies shall become members of the Brotherhood after the thirtieth day following the beginning of their employment and shall continue as members thereafter while this agreement is in effect and their classification is subject to the terms of this agreement. The Company and the Brotherhood mutually agree that this provision in no way affects the other terms and conditions of employment applicable to temporary and probationary employees set forth in this agreement.

Any employee who has been exempted from the Brotherhood membership requirement under the provisions of this article but who is transferred or demoted while this agreement is in effect to a class of work which is subject to the Brotherhood membership requirement shall become a member of the Brotherhood within thirty (30) days after the effective date of such transfer or demotion.

The provisions of this article shall not apply to anyone exempted from the provisions of this agreement, nor to student engineers who may be assigned from time to time to any of the departments of the Company.

In no event will any employee be required, as a condition of employment, to become a member of the Brotherhood until after the thirtieth day following the beginning of their employment or the effective date of this article, whichever is the later.

Any employee of the Company who at any time while this agreement is in effect has been performing a class of work which is subject to the Brotherhood membership requirements of this Agreement, but who is subsequently transferred or promoted to a class of work which is not subject to the Brotherhood membership requirements of this Agreement shall have the privilege of withdrawing from Brotherhood membership.

ARTICLE IV  
REGULAR WAGES

Section 1. Effective on the date indicated therein, employees who are receiving the ultimate rate of the class to which they are permanently assigned shall be paid wages in accordance with the Schedule of Wages showing classifications and the rated wage of each class. Said Schedule of Wages of footnotes and accompanying paragraphs are attached hereto and made a part hereof, and are set forth at pages 54 to 59, inclusive, hereof.

Section 2. If, upon the effective date of said schedule, an employee is not receiving the ultimate rate of the class to which the employee is permanently assigned, then, the present wage of such employee shall be increased in an amount equal to the difference between the ultimate rate of the class in effect at the time of the last prior wage schedule and the ultimate rate of the class of the wage schedule effective herein.

Section 3. The following conditions shall control, limit, restrict and govern the application of said schedule.

1. An employee, if awarded the next higher-rated job in the same roster will receive the higher rate from the date of the award.
2. In other cases where an employee is awarded a bargaining unit job, the employee's rate of pay shall be as follows:
  - a) Twenty-five cents (\$.25) per hour more than the employee's present rate of pay or the rate of the new job, whichever is less, no later than one week after the date of the award.
  - b) Twenty-five cents (\$.25) per hour more than the rate arrived at in (a) above or the rate of the new job, whichever is less, thirty days from the date of the award.
  - c) The ultimate rate of the new job ninety (90) days from the date of the award.

Section 4. Clerical Progression and Pay Plan (See Page 51) is not subject to Section 3 above.

Section 5. New employees hired during the term of this agreement will receive a starting wage that shall not be less than eighty-five per cent (85%) of the ultimate rate for the class of work to which they are assigned. When an employee has completed their probationary period, the employee's rate of pay shall be subject to the provisions of paragraphs (a), (b), and (c) of Section 3 above, substituting ""six months anniversary date"" for ""date of the award"" in that Section.

Section 6. In no event shall the resulting wage from time to time exceed the rated wage for the applicable class established by the Schedules of Wages, attached hereto and made a part hereof.

ARTICLE V  
OVERTIME COMPENSATION

Section 1. Employees subject to this agreement shall be paid wages at the rate of time and one-half for all work that does not occur within their regularly scheduled work day or week.

(a) Employees normally scheduled to work more or less than eight (8) hours within a day shall be paid overtime at one and one-half times their regular rate for all work that does not occur within such scheduled hours provided that no employee shall be paid both daily and weekly overtime on account of the same hours of overtime worked.

(b) Employees, when required to work on their regularly scheduled days of relief, shall be paid overtime at the rate of one and one-half times their regular rate, subject to the provision for double time on the second day of relief which is the seventh day of work, a provision set forth in the paragraphs following the schedule of wages attached hereto. ""Regular rate"", for the purpose of this section, shall mean the regular hourly rate of the employees.

Section 2. Employees subject to this agreement shall be paid a minimum of three (3) hours at the time and one-half or overtime for actual time worked, whichever is greater, for each period of time worked during unscheduled hours.

This minimum shall not apply:

(a) In any case where employees are assigned to work continuous overtime from the end of their regular workday, but in that event, payment shall be at the overtime rate for such continuous time, or

(b) In any case where employees are called out or assigned during the lunch hour.

If an employee is scheduled in advance for overtime work on a day of relief, he or she will be paid the minimum if the overtime work is canceled unless he or she is notified of the cancellation prior to the close of the preceding regularly scheduled workday. If no such notice is given, the employee will report for work as scheduled, unless otherwise notified.

If such overtime is scheduled on a regular workday, the minimum will apply unless the employee is notified of cancellation prior to the end of such regular workday.

When planned overtime is scheduled for Saturday, or Sunday, the Company will notify the employees involved at least forty-eight (48) hours prior to Saturday, to the extent such notice is practicable and provided the Company has knowledge of the need for scheduling such work sufficiently in time to give such notice. If notice is given, but the planned overtime is later canceled, the minimum penalty for cancellation of planned overtime will not apply if notice of the cancellation is given prior to the end of the regularly scheduled workday on Friday.

There will be a single overtime list for planned and unplanned overtime.

The overtime equalization schedules on the Bulletin Boards are regarded as an equalization of overtime agreement. If an employee is entitled to overtime under the equalization provisions of the contract and is not requested to work such overtime, the employee will be provided overtime work to be assigned by the supervisor within seven days of acknowledgment by the supervisor that the employee was entitled to the overtime. Refusal of the overtime work by the employee will negate any further penalties by the Company.

In the event there is a call out while the employee is on this overtime assignment, the employee will be assigned the call out even if the employee is not entitled to the call out based on the equalization list. The overtime assignment must be appropriate for the classification of the employee.

The overtime assignment will be for a minimum of three hours or longer if the call out extended for a longer period of time.

Section 3. If an officer, steward, or committee person of the Brotherhood is unavailable for overtime work because of Brotherhood business, such unavailability will not be charged against him or her for purposes of determining whether there has been an equitable distribution of overtime.

Section 4. Employees who are on vacation for five (5) consecutive days or are sick are not considered available for overtime and such unavailability will not be charged against them for purposes of determining whether there has been an equitable distribution of overtime. Vacation will commence at the end of the employee's shift and end at the start of the employee's next scheduled shift.

Section 5. Emergency Storm Work Premium - 5/1/87

It is sometimes necessary to assign outside physical workers for more than 24 hours because of severe storms causing extensive interruptions to service. The senior staff member responsible for operations will determine when this policy goes into effect.

When these employees are so assigned to work for a period of more than 24 hours under this policy, including travel time, the method of payment will be as follows:

(a) The outside physical workers so assigned will be paid for working time at the rate of one and one-half times their regular straight time rate and for rest time at their regular straight time rate.

(b) The Rest Period Policy will not apply during this emergency work when employees are being paid under (a), but every effort will be made to give employees adequate rest time. It is intended that an employee who has worked continuously for sixteen hours be given at least eight hours rest and be paid for this rest time at the employee's regular straight time rate, but if it is not given, the employee will be entitled to compensating rest time at a later time for that portion of the eight hours rest time which was not given.

(c) If a holiday occurs during this assignment, working time shall be paid for at the rate of two and one-half times the regular straight time rate and rest time at the regular straight time rate.

(d) When the 24-hour period has ended and the emergency is over, the normal method of payment and rest time procedures will be in effect.

## ARTICLE VI APPLICATION OF RATED WAGE

Section 1. The application of a rate of pay shall be based on the duties performed.

Section 2. If, during the course of the daily work schedule, an employee is temporarily assigned (but not promoted) to a higher class of work for a period of three (3) hours or more, such employee shall receive the scheduled wage of such higher class for all hours worked within the daily work schedule.

Section 3.

(a) Employees subject to the provisions of this agreement shall receive normal straight-time compensation for eight (8) hours on eight (8) recognized holidays and four (4) floating holidays, as listed below:

New Year's Day	January 1
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veterans Day	November 11
Thanksgiving Day	Fourth Thursday in November
Day after Thanksgiving	Fourth Friday in November
Christmas Day	December 25

Floating Holidays (4) replaces previous holidays:  
Birthday Holiday  
Martin Luther King Day  
Patriot's Day  
Columbus Day

The Company would grant employees the floating holiday off based on seniority. All other rules would apply as far as the number of people off at one time in each area. The Company would remain open for business in all departments.

Employees who have completed six months of service are entitled to receive Floating Holidays.

If the legal holiday occurs on Saturday, one of the following three options may be made available to one or more employees not scheduled to work on that day, in lieu of normal straight-time compensation, where the Department Head determines that it is feasible to make the option available in that Department.

- a. A day off on Friday preceding the Saturday holiday,
- b. A day off on Monday following the Saturday holiday; or
- c. A day of on any date following the holiday.

(b) If employees are assigned to work on a floating holiday or a holiday recognized hereunder which occurs on a workday within their scheduled workweek, they shall receive, in addition to the holiday pay described in (a), time and one-half for all hours worked in their normal schedule and two and one-half times their normal straight-time rate for hours worked outside their normal schedule within the holiday period, or the minimum, whichever is greater.

(c) If employees are assigned to work on a holiday recognized hereunder which does not occur on a workday within their scheduled workweek, they shall receive, in addition to the holiday pay described in (a), twice their normal straight-time rate for the first (8) hours worked and two and one-half times their normal straight-time rate for time worked in excess of eight (8) hours within the holiday period, or the minimum, whichever is greater.

(d) Existing Night Trouble Workers will work the Christmas and New Year Schedule - Normally - one will work one Holiday - the other Trouble Worker will work the other.

Section 4. Where an employee of ten (10) years or more of continuous service, because of disability, is or becomes unable to continue to perform assigned duties based on classification as of the date of disability, the rights of such employee and the obligations of the Company under such circumstances shall be determined in accordance with ""Disability Retrogression Pay Plan"" included herein and made a part hereof under Article XVI on pages 26 to 28, inclusive.

Section 5. Employees may be temporarily assigned to another class of work in the same or a different roster for a temporary period of time not to exceed forty-five (45) days per year.

Management shall determine the roster from which employees are assigned. The selection will be according to the following criteria:

1. Voluntary by seniority
2. Junior qualified employee

Each temporary assignment shall be for a minimum of one (1) full day.  
These assignments shall not be used to fill permanent vacancies.

## ARTICLE VII HOURS AND DAYS OF WORK

Section 1. Eight (8) consecutive hours shall constitute the regular daily assignment and five (5) days of eight (8) consecutive hours shall constitute the regular weekly assignment of all employees coming within the scope of this agreement, insofar as such assignments do not interfere with presently established practices.

### Section 2. Hours and Days of Work

Roster 1      Transportation  
Transportation Technician  
April 1 to November 30 - 7:30 a.m. - 3:30 p.m. Monday - Thursday  
April 1 to November 30 - 6:00 a.m. - 2:00 p.m. Friday  
December 1 to March 31 - 7:30 a.m. - 3:30 p.m. Monday - Thursday  
December 1 to March 31 - 8:30 a.m. - 4:30 p.m. Friday

Roster 2      Operations Support  
Clerks  
January 1 to December 31 - 8:00 a.m. - 5:00 p.m. Monday - Friday  
Radio Operator  
January 1 to December 31 - 7:30 a.m. - 4:30 p.m. Monday - Friday

If workload requirements change, the supervisor will notify employees that the work schedule has been changed to 8:00 a.m. to 5:00 p.m. with a paid 20 minute lunch.

Roster 3      Meter & Service  
Gas Service / Pipefitter Worker  
January 1 - December 31 - 8:00 a.m. - 4:00 p.m. Monday - Friday  
Emergency Night Trouble Worker: The second shift in the Service  
Department:  
December 1 to March 31 - 4:00 p.m. to 12:00 Midnight  
April 1 to November 30 - 1:00 p.m. to 9:00 p.m.

Roster 6      Meter (Gas & Electric)  
Gas / Electric Tester / Installer  
January 1 - December 31 - 8:00 a.m. - 4:00 p.m. Monday - Friday or  
January 1 - December 31 - 8:30 a.m. - 4:30 p.m. Monday - Friday

Roster 7      Street  
Utility Worker, Utility / Regulator Worker  
January 1 - December 31 - 7:30 a.m. - 3:30 p.m. Monday - Friday

Roster 8      Electric Distribution  
Lineworkers, Cable Slicers, Maintenance Workers  
January 1 - December 31 - 7:30 a.m. - 3:30 p.m. Monday - Friday  
Night Emergency Trouble Worker - as posted

Roster 9      Meter Reading  
Meter Reader  
January 1 - December 31 - 7:30 a.m. - 3:30 p.m. Monday - Friday

Roster 11     Stores  
Stores Clerk, Stock Person  
One person will work:  
January 1 - December 31 - 7:00 a.m. - 4:00 p.m. Monday - Friday  
One person will work:  
January 1 - December 31 - 8:00 a.m. - 5:00 p.m. Monday - Friday

From January 1 through December 31, the stock person and stock clerk will establish a work schedule to ensure coverage of the stockroom from 7:00 a.m. to 5:00 p.m. Meal schedules will normally consist of one hour to be alternated between the two classifications. During any absence, coverage will be provided by the remaining employee on an overtime basis, working a straight eight (8) hours with a twenty (20) minute lunch period.

Roster 12     Property Maintenance  
Property Maintenance Worker  
January 1 - December 31 - 11:00 a.m. - 7:00 p.m. Monday - Friday

Roster 19     Gas Production  
Utility Workers  
January 1 - December 31 - 7:30 a.m. - 3:30 p.m. Monday - Friday

During the non-production season, LNG and Propane Plant inspections will be performed on a mandatory planned overtime basis on Saturdays, Sundays and holidays by Roster 19 personnel.

Roster 20     Dig Safe  
Dig Safe Technician  
January 1 to December 31 - 6:30 a.m. to 2:30 p.m. Monday - Friday

#### ARTICLE VIII DAYS OF RELIEF

Section 1. Days of relief now established shall not be changed without good and sufficient cause. When new positions are created, days of relief shall be established for such new positions and shall not be changed thereafter without good and sufficient cause.

Section 2. Whenever employees are replaced in any class of work where continuous operation is necessary, the prevailing days of relief established with each assignment within such class shall not be changed without good and sufficient cause.

Section 3. In departments or groups where continuous operation is not necessary, every effort will be exerted by the Company to establish the days of relief in accordance with the desires of the employees.

Section 4. Employees will not be compelled to change their days of relief with other employees.

#### ARTICLE IX MEAL ALLOWANCE / PERIOD

Section 1. A meal period of not less than thirty (30) minutes nor more than one (1) hour shall be arranged for employees unless otherwise mutually agreed upon.

Section 2. The meal period shall be assigned between the end of the third hour after reporting for duty and the beginning of the sixth hour after reporting for duty.

Section 3. Where the nature of the service requires continuous operation, eight (8) consecutive hours may be worked during which twenty (20) minutes shall be allowed for lunch at reasonable and convenient times without interruption of service and without deduction in pay.

Section 4.

(1) From January 1 through December 31, employees in the following Rosters will bring their lunch and will work a straight eight (8) hours (as specified below) with a twenty (20) minute lunch period provided, (normal lunch period to start four (4) hours after starting time) and with no deduction in pay for this twenty (20) minute period.

Roster #3                      8:00 a.m. to 4:00 p.m.

Roster #6                      8:00 a.m. to 4:00 p.m.  
or,                                8:30 a.m. to 4:30 p.m.

(2) From April 1 through November 30, employees in the following Rosters will bring their lunch and will work a straight eight (8) hours (as specified below) with a twenty (20) minute lunch period provided, (normal lunch period to start four (4) hours after starting time) and with no deduction in pay for this twenty (20) minute period.

Roster #7                      7:30 a.m. to 3:30 p.m.  
Roster #8                      7:30 a.m. to 3:30 p.m.

(3) From December 1 through March 31 employees in the following Rosters will bring their lunch and will work a straight eight (8) hours (as specified below) with a thirty (30) minute lunch period provided, (normal lunch period to start four (4) hours after starting time) and with no deduction in pay for this thirty (30) minute period.

Roster #7	7:30 a.m. to 3:30 p.m.
Roster #8	7:30 a.m. to 3:30 p.m.

(4) The following accommodations will be made for Company crew working in Rosters 7 and 8 with respect to the requirement that they work a straight eight (8) hours and bring their lunch, as set forth in this Article:

(A) Employees in these rosters will bring their lunches year round.

(B) During the winter months from December 1 through March 31, these employees may supplement their lunches through the purchase of hot foods, so long as the purchases meet the following requirements:

1. The purchase is to be on a take-out basis only;
2. The purchase may be made when the crew is on route between work assignments during the lunch breaks and it does not take longer than five (5) minutes to complete. Employees shall not drive away from their routes for purposes of making such purchases;
3. If the crew is at a job site during the meal period, the job site will not be broken down. Under such circumstances, if one employee on the crew can be spared from the work being performed, that employee may drive to a nearby restaurant and purchase and bring back hot food for the crew, provided that the total time during which the employee is away from the job for this purpose does not exceed ten (10) minutes. No member of the crew will leave any job site where emergency or urgent work is being performed, or where the employee cannot be spared; and,
4. There will not be multiple Company vehicles parked at any location.

Section 5. The Company will grant, reimburse or otherwise compensate an employee for meals when an employee is required to work outside their normal work hours. The Company encourages employees to take their meal, if possible, without alteration in pay. If this is not possible, the employee should take a meal at the end of the work period. The Company also recognizes that when the nature of certain work requires continuous operation, that a meal may not be taken at a reasonable and convenient time without interruption to service.

(1) The meal allowance is:

Breakfast	\$7.50
Lunch	\$7.50
Supper	\$13.50

(2) Definitions:

- (a) When a meal is not taken, the employee will be entitled to a meal allowance and compensated for a meal period.
- (b) A meal allowance will be paid in accordance with Article IX, Section 5 (1) of this agreement.
- (c) A meal period will be paid at time and a half (1-1/2) employee's base pay for thirty (30) minutes.
- (d) Emergency overtime is defined as overtime work where notice given the employee is twenty-four hours or less.
- (e) Establishing Meal Periods: Meal periods are based on the employee's normal starting time and shall not exceed thirty (30) minutes. Meal periods shall be defined as follows:
  - (i) Employee works through a meal period: Based on employee's normal starting time.
    - (a) Breakfast - One and a half (1-1/2) hours prior to the employee's starting time.
    - (b) Lunch - Four (4) hours after the employee's starting time.
    - (c) Supper - Ten and one-half (10-1/2) hours after employee's starting time.
    - (d) Other - Six (6) hours after the start of the supper meal period.
  - (ii) Employee does not work through a meal period.
    - (a) Other- When applying this provision of the Agreement to establish a meal and meal period, no other timing for a meal(s) will apply. When an employee has not worked through a meal period, the employee will be entitled to a meal and a meal period six (6) hours after reporting for duty and every six (6) hours thereafter.

(3) Callouts - The Company will pay a meal allowance to an employee when their normal meal period is disrupted by emergency overtime work and the period extends beyond three (3) hours.

(4) Continuous Overtime - In the event an employee works two (2) or more hours of continuous emergency overtime after an eight (8) hour period, and such overtime extends beyond a normal meal period, the Company will pay a meal allowance to the employee.

If the overtime work ends simultaneously with the expiration of two (2) hours after the end of an eight (8) hour period, the Company will pay a meal allowance of \$3.00 in lieu of the meal and meal period. If the overtime work ends after two (2) hours but prior to two and one half (2-1/2) hours, the company will pay a meal allowance. If the overtime work ends at two and one half (2-1/2) hours and before three (3) hours, the company will pay a meal allowance and allow time to eat the meal. If the overtime work ends after three (3) hours, the company will pay a meal allowance and allow time to eat the meal or pay a meal allowance period.

(5) Scheduled/Planned Overtime - The Company will not pay a meal allowance for a meal occurring during an eight (8) hour period on an employee's day of relief.

(6) Extended Planned Overtime - Planned overtime that extends beyond an eight (8) hour period; the employee will be paid in accordance with Article IX, Section 5 (4) - continuous emergency overtime.

(7) Meals are to be taken at the closest location within the Company's service territory. Without exception, Employees are required to call on the radio to report their location when taking a meal on overtime. After the completion of the meal, the employee will notify Dispatch that they are back on the air and ready for assignment.

Section 6. Employees engaged in emergency overtime work will be paid an allowance for the normal meal period that is disrupted and granted a meal period of twenty (20) minutes without deduction in pay and will be granted an allowance every six (6) hours later.

Section 7. When a regular meal period is established, it shall not be changed without good and sufficient cause.

Section 8. The meal allowance will not apply during emergencies involving employees working more than eight (8) hours beyond the normal work day. During emergencies, the reasonableness of the cost of the meal shall be subject to the approval of the department head.

## ARTICLE X VACATIONS

Section 1 Vacation Pay is provided under the terms of the Vacation Pay Policy, HR 1.20, effective June 1, 2000.

The schedule below illustrates the accrual of the vacation leave benefit:

<u>Completed Years of Service</u>	<u>Entitlement</u>	<u>Monthly Accrual</u>
0 - 4 years	2 weeks	.833 days/month
5 - 9 years	3 weeks	1.25 days/month
10 - 19 years	4 weeks	1.67 days/month
20+ years	5 weeks	2.08 days/month

Employees earn the Monthly Accrual if they are employed for the entire month and are not on leave of absence without pay.

- Employees hired prior to January 1, 1983 and with over twenty-five (25) years of service shall be entitled to one day of vacation for each full year beginning with the twenty-sixth (26) year and ending in the 30<sup>th</sup> year, vacation beginning in the year that such service is completed.

Employees must seek prior approval from their supervisors before taking vacation time and all questions regarding vacation leave should be directed to their immediate supervisor.

Section 2. Vacations will be granted according to a schedule approved by the Company, and insofar as possible, seniority will govern. One (1) of the three (3) weeks of vacation, two (2) of the four (4) weeks of vacation and three (3) of the five (5) weeks of vacation for those employees who are eligible may be scheduled by the Company at any time during the calendar year. If an employee is unable to start their vacation as scheduled, such vacation will be rescheduled by the Company at the earliest opportunity.

Section 3. Employee's vacation pay will be the greater of their regular straight time pay at the time of vacation or the average of the employee's straight time earnings in the previous calendar year.

Section 5. All departments within the Company will distribute vacation selection forms to be completed by December 31 for scheduling vacations for the following year.

All months of the year will be used by all departments for vacation scheduling. Department Managers will exercise discretion as to the number of employees on vacation at any one time.

Section 6. For purposes of vacation scheduling in the Street Department and Line Department (exclusive of underground personnel) the following provisions shall apply:

The year will be divided into the following three periods for taking vacation.

Period I: The prime period consisting of June, July, August and September. During this period, employees may take up to two weeks of vacation.

Period II: The months of April, May, October, November and December. During these months, an employee may take two weeks of vacation.

Period III: The months of January, February, and March. During these months, an employee will take any remaining vacation not taken in Periods I and II.

Not more than four (4) lineworkers may be on vacation at the same time during Period I and Period II, December only. Not more than two (2) lineworkers may be on vacation at the same time during Period II, except December. Department Head approval is required for more than four (4) lineworkers to be on vacation at the same time in December. Single days of vacation may be taken in Periods I and II, on the same basis as at present; namely, one (1) day for each week of vacation taken in the period, but they may be taken out of any of the scheduled vacation weeks in either Periods I and II instead of the scheduled vacation in the Period in which the single day is taken.

Section 7. Where an employee becomes ill, or a member of the employee's immediate family dies just prior to their scheduled vacation, the vacation will be rescheduled upon the employee's request; scheduled vacation will not be rescheduled if the illness commences after the beginning of the scheduled vacation.

However, if the death of an immediate member of the family (as defined in Article XX, Pg. 30) occurs after the beginning of the scheduled vacation, and the time lost, for the purpose intended, would have been in their normal work schedule, such time will be rescheduled, at a mutually agreed upon later date.

Section 8. For purposes of vacation scheduling in Roster 9 (Meter Reading), the following shall apply: During the period of June, July and August, employees may take up to two (2) weeks of vacation but not more than two (2) employees may be on vacation at the same time during this period. During the remainder of the year only one (1) meter reader may be on vacation at any time.

## ARTICLE XI SENIORITY

Section 1. Seniority progression charts showing all classes of employees subject to this agreement and the seniority movement of such employees between classes hereinafter provided for have been prepared jointly by the Company and the Brotherhood. Roster sheets showing the names, classifications, Company seniority, and class seniority ratings of all employees subject to each seniority progression chart have been prepared and posted. The Company shall prepare and post quarterly, revised roster sheets showing any changes affecting the employees on such sheets.

Any employee subject to this agreement who is aggrieved by any change in seniority rating may, within thirty (30) days after such change is posted, and not thereafter, request the Company to correct such rating, and upon adequate proof of error, it shall be corrected in accordance with the facts.

Section 2. It is agreed, that when an employee is assigned to a position, which is not subject to the rules of the Agreement, on a temporary basis, the employee's seniority status will continue in the class which the employee held at the time of the assignment.

An employee promoted, on a regular basis, to a position which is not subject to the rules of the Agreement, and subsequently returns to a classification which is subject to the rules of the Agreement, shall have their seniority status, for unit seniority purposes, reflect only that time served in the Bargaining Unit; i.e., the employee would return to the bottom of the classification from which they came, with the seniority that they had at the time of their promotion. This period of time will not exceed ninety (90) days.

Section 3. Seniority shall begin when an employee was or shall be first hired by the Company, except that where an employee has been dismissed and rehired or has voluntarily left the employ of the Company and has been rehired, seniority shall begin when such employee was last hired. The seniority rating of employees shall be as follows:

(a) Any present employee of the Company who was in the employ of the Company when seniority was first adopted (June 2, 1946) shall receive credit (in the class of work in which they are employed) for all prior employment with the Company.

(b) Any present employee of the Company who was hired subsequent to June 2, 1946, shall receive credit beginning with their last hiring date and continuing during the term hereof in each class of work in which they have been or are hereafter regularly assigned.

(c) The foregoing provisions of this section shall not apply to new employees until they have been continuously employed for a period of six (6) months, but thereafter these provisions shall apply to such employees.

If because of a reduction-in-forces an employee is demoted from a class of work to which they were assigned on the date when seniority first became effective as aforesaid, such employee shall be assigned to the head of the list in the class to which the employee is demoted, but an employee promoted after said date and subsequently demoted because of a reduction in forces shall revert to that place on the list in the lower class which the employee held before their promotion; provided, however, that when forces are reduced in the lowest class, necessitating the furloughing of employees, the employee in such class having the shortest total period of service with the Company shall be furloughed first, and so on up through the class.

Employees assigned to any class of work in one department of the Company, if furloughed out of their class of work because of a reduction-in-forces, shall be re-assigned by the Company to the same class of work in the same or some other department of the Company if there is another such class, and, if there is not another such class, then to some other class, provided such furloughed employees are qualified by fitness and ability to perform the work in the new class. When so reassigned, such employees shall have the same seniority rating in the new class which they had in the class from which they were furloughed and they shall displace juniors in the new class.

New employees shall be deemed to be on trial for a period of six months from the date of hiring and within such period the Company shall have the right to discharge any new employee whenever in the opinion of the Company the employee has not qualified for the work for which they were hired or for other work to which the employee may be assigned.

The Company shall have the right in its discretion to employ temporary forces for emergencies, vacation relief, or in other unusual situations, and seniority shall not apply to employees in such forces.

The Company may employ student engineers in any class, the total number of student engineers so employed not to exceed three percent (3%) of the number of employees of the Company, and the Company in its discretion and without regard to seniority may assign the work of student engineers in any class or may transfer them from class to class, but in the event that student engineers are assigned to positions permanently such assignments shall be subject to the seniority rights of regular employees affected thereby.

Section 4. If there is seniority movement between the classes involved, when a vacancy occurs in any class, the employee senior in the next lower class shall be entitled to promotion to the vacancy if their fitness and ability qualify them for the position, and when forces are reduced, the last person the class affected shall be furloughed first, and so on up through the class, employees so furloughed having the rights to displace juniors in a lower class if qualified by fitness and ability.

An employee accepting promotion or transfer to a new class after June 2, 1948, shall have seniority in the new class beginning with the date of such acceptance, and the employee will retain unimpaired their seniority in the former class without the right, however, to displace juniors in the former class as long as they may have employment in the new class in any position for which they are qualified by fitness and ability.

Section 5. If there is no seniority movement between the classes involved and forces are reduced in a class, an employee who was transferred to such class from another class shall return to their former class without loss of seniority in that class if then qualified by fitness and ability to perform the work in the employee's former class.

Section 6. In the event of a vacancy in an existing position or in a newly created position within each class in any department, notice of the vacancy will be posted at places accessible to employees affected in that department, and Company-wide in all other departments, and shall remain posted for a period of seven (7) days, within which time applicants eligible and desiring to fill such vacancy shall apply in writing to the official of the Company designated in the notice. Such notice shall also set forth the title of the position to be filled, hours of work, days of relief, rate of pay and outline of duties. The bidders will be considered in the following order and the senior qualified bidder will be awarded the job:

- (1) Employees with seniority who have previous time in the class where the vacancy exists, in the order of their seniority in that classification.
- (2) Employees with seniority in the next lower class in the same roster, in the order of their classification seniority in that classification.
- (3) Employees with seniority in each lower class, in order, in the same roster, in the order of classification seniority within each such class.
- (4) Employees with seniority in a class, if any, above the vacancy and in the same roster, in the order of seniority in such higher classification.
- (5) Employees with seniority from other rosters, considered in the order of their Company seniority.

Within one (1) week after expiration of the posting period the Company shall assign the accepted applicant to such vacancy or newly created position. If the Company anticipates a problem will arise in making the assignment within one (1) week, the Company agrees to discuss this with the Union in advance. When such vacancies occur in positions that are to be refilled, the Company will post notice within one (1) week.

Any employee assigned to a new position shall have thirty (30) days in which to qualify. If the employee is unable to qualify, the employee may return to the class from which they came without loss of seniority rating therein. If in the opinion of the Company the

employee is competent, the employee shall not return to the class from which they came until a vacancy occurs in that class.

Section 7. The seniority status of an employee transferred to a new position or vacancy in another department in accordance with the preceding Section shall begin on the date of the employee's assignment to the new class and the employee will retain unimpaired their seniority in the former class without the right, however, to displace juniors in the former class as long as they may have employment in the new class in any position for which that employee is qualified by fitness and ability.

Section 8. When forces are increased in any class, furloughed employees shall be given preference over applicants not previously employed by the Company if they are qualified by fitness and ability to perform the work in the class of service affected.

When employees are furloughed from several classes and a vacancy later occurs in a particular class, furloughed employees from the class where the vacancy occurs shall have preference.

Furloughed employees shall notify the Company in writing on or about the first day of each calendar month that they are available for re-employment, and if offered work by the Company for which they are qualified, they must accept it in writing and report for work within seven (7) days, and furloughed employees failing so to notify the Company of their availability for a period of six (6) months or to accept as aforesaid work so offered shall forfeit all seniority rating.

Section 9 -- 6/1/67

In reducing and increasing forces, in making promotions, and in making appointments to fill vacancies occurring in any class with employees in the same class in which the vacancies occur, or from other classes, all as provided in the foregoing sections, the Company shall determine the fitness and ability of all applicants for new or different positions. In determining fitness and ability of any applicant from another roster, the desire and ability of such applicant to advance to higher classifications in the roster to which the bid is made will be contributing factors.

Should reduction of forces become necessary for any reason, the Brotherhood will be consulted and every attempt made to achieve the reduction by attrition. In the event that employees are displaced from their classification by reason of a reduction in forces, the following will apply:

1. The Company will discuss the matter with the Local Union.
2. Such employee may displace other employees of the Company pursuant to the Seniority provisions of the agreement.
3. The wage rate of employees upon such transfer to lower rated jobs will be as follows:

<u>Continuing Service at Date of Reduction</u>	<u>Total Reduction</u>
Employees with ten (10) or more years of continuous service.	No reduction
Employees with nine (9) but less than ten (10) years of continuous service.	\$1 per week after 6 months
Employees with eight (8) but less than nine (9) years of continuous service.	\$2 per week after 6 months
Employees with seven (7) but less than eight (8) years of continuous service.	\$2 per week after 6 months \$1 per week after 12 months
Employees with six (6) but less than seven (7) years of continuous service.	\$2 per week after 6 months \$2 per week after 12 months
Employees with five (5) but less than six (6) years of continuous service.	\$2 per week after 6 months \$2 per week after 12 months \$1 per week after 18 months
Employees with less than five (5) years of continuous service.	No reduction for first 6 months; a reduction of \$2 per week at the beginning of the second and successive periods of 6 months until the rate wage equals the ultimate of the lower classification

4. Employees reduced to a lower-rated job classification are required to bid vacancies they are qualified to perform as they may occur in the former classification or in other higher rated jobs unless the Company and the Brotherhood feel there are extenuating circumstances. Employees failing to bid, or accept assignments, may have their wages reduced. All assignments will be made in accordance with the seniority provisions of the contract.

5. If an employee is transferred to a lower-rated job under the above and bids for and is awarded a job with a lower ultimate, the difference in ultimates will be deducted from the employee's rate unless the Company and the Brotherhood feel there are extenuating circumstances.

If, after such transfer, a general wage increase is made on a percentage basis, the employee shall receive eighty percent (80%) of said general increase, the percentage to be figured on the adjusted rate prior to applying the eighty percent (80%).

By /s/ E. Manley

President

Section 10. Any employee who, subsequent to the enactment of the Selective Training and Service Act of 1940, left the employ of the Company to enter any of the armed forces of the United States of America, will retain the same seniority status that they would have had if the employee had remained in the employ of the Company during the period of their absence, provided that their military service is terminated by an honorable discharge and that within ninety (90) days thereafter the employee shall apply in writing to the Company for re-employment. The Company shall assign such an employee according to their seniority status provided the employee is then qualified by fitness and ability to perform the work in their class, but, if the employee is mentally or physically unfit to perform the work in their class, the Company shall endeavor to provide the employee with employment in any class of work in any department of the Company for which the Company deems the employee to be mentally, physically and otherwise qualified, and provided also that the employee's total length of service with the Company, including the aforesaid military service, shall be greater than that of the employee to be displaced.

Section 11. The Company agrees to grant to regular employees of the Company such reasonable leaves of absence, without pay for transacting official union business of the Brotherhood, in such numbers and for such length of time as the Company shall determine. Any such employee who returns to the employ of the Company at the expiration of their leave of absence will be credited with the seniority that such employee would have had if they had remained in active service with the Company during the leave of absence and shall be assigned to the classification in their roster to which such seniority entitles the employee, provided such employee is then qualified by fitness and ability to perform the work of such classification.

## ARTICLE XII DISCIPLINE, SUSPENSION AND DISCHARGE

Section 1. If any employee is disciplined, suspended or discharged, a meeting will be held between the Company and the Union Grievance Committee within a reasonable time. The Brotherhood may in its discretion within seven (7) days from the date upon which such employee is disciplined, suspended or discharged request the Company to grant a hearing to such an employee, such request to be in writing, registered and mailed to the Director of the Company.

Hearings will be held by the Director of the Company or by a department head or other officer of the Company designated by the Director within one (1) week after receipt of such written request.

Section 2. If an employee is charged with the violation of Company rules or any other offense, and a hearing is requested under Section 1, the Brotherhood shall be furnished with a statement of the charge in writing.

At the hearing, the Brotherhood shall represent the employee disciplined, suspended or discharged and may present witnesses.

Section 3. If the employee is exonerated, the employee will be restored to service without prejudice and shall be compensated for any loss in wages caused by such discipline, suspension or discharge.

## ARTICLE XIII GRIEVANCE

Section 1. Any dispute arising during the term hereof shall be treated as a grievance and every reasonable endeavor shall be made to settle such dispute by agreement between the Grievance Committee of the Brotherhood and the Director of the Company or their representatives. Within ten (10) working days, any grievance shall be presented in writing to the employee's immediate supervisor.

Section 2. If the employee's immediate supervisor cannot satisfactorily resolve the grievance as stated in Section 1, it shall be referred to the Department Head.

Section 3. Within ten (10) working days of such submission as stated in Section 2, a meeting shall be arranged between the grievant, the Union Steward, the Supervisor and the Department Head.

Section 4. Within ten (10) days, if the grievance is not satisfactorily resolved by the meeting as stated in Section 3, the grievance may be submitted to the Director of the Company, or the Director's designees. Within five (5) working days of such submission, a meeting shall be arranged between the Union Grievance Committee and the Director or the Director's designees. The Company shall reply in writing to the grievant within five (5) working days after the meeting.

Section 5. If the response given pursuant to Section 4 above does not satisfactorily adjust a grievance, the grievance may be submitted in writing to arbitration within sixty (60) working days of the date of the written response pursuant to Section 4 above.

Section 6. The party requesting arbitration shall do so by delivering to the other party a notice in writing setting forth its statement of the matter in dispute. If a party requests arbitration and so notifies the other in writing and thereafter either party fails or neglects to name its arbiter within ten (10) days after receipt of such request, it shall be construed that the party failing or neglecting to name its arbiter as aforesaid has waived its right to arbitration of the particular dispute, and in that event the demands of the other party shall be conceded unless it so happens that both parties fail or neglect to name arbiters within the time provided.

Section 7. Any grievance not presented in accordance with applicable time limits or other requirements in the steps listed above shall be automatically foreclosed and considered settled and shall constitute a denial of the grievance. By mutual agreement the parties may extend the time limits in any of the steps listed above.

Section 8. Arbitration shall be conducted through a Board of Arbitration consisting of one (1) representative selected by the Union, one (1) representative selected by the Company and an impartial Chairman mutually chosen by the parties. The procedure for Arbitration shall be as follows;

- A. The Union representative and Company representative shall meet forthwith to choose an impartial Chairman, but no later than fifteen (15) calendar days from the date of the demand of arbitration. If no selection can be made within such fifteen (15) day period, then either party may request lists from the American Arbitration Association and selection shall be made in accordance with the rules of the service.
- B. Hearings and post hearing activities shall be conducted in accordance with the voluntary labor arbitration rules of service.
- C. The decision of a majority of the Board shall be the decision of the Board of Arbitration. The Board shall have no power to change, amend, modify, or otherwise alter the provisions of this Agreement. The decision of the Board, which shall contain a full written statement of the grounds upon which the issue or issues are decided, shall be final and binding on the Union and the Company.
- D. Each party shall bear the expense of preparing and presenting its own case. The compensation and expense of the impartial Chairman and any other expenses of such Board shall be borne equally by the parties.
- E. At the meeting with the impartial Chairman it will be discussed and agreed to that the impartial Chairman is required to return a decision within sixty (60) days of the hearing.

Section 9. The Company shall have the right to grieve and arbitrate any dispute which arises concerning the terms and conditions of this Agreement.

Section 10. While this agreement is in effect, there shall be no authorized or sanctioned cessation, retarding or stoppage of work because of any dispute which may result from any interpretation of this agreement or for any cause whatsoever. If an employee represented by the Brotherhood and subject to the terms and conditions of this agreement who, without the authority and sanction of the Brotherhood, voluntarily absents himself from work because of any dispute or demand, the employee may be denied further employment or suspended at the option of the Company.

#### ARTICLE XIV PAYROLL DEDUCTIONS

The Company agrees to deduct weekly from earned wages and remit to the Brotherhood, the dues of those employees who are members of the Brotherhood and not exempt from the provisions of this agreement, in an amount individually authorized in a manner and on a form approved by the Union and the Company.

#### ARTICLE XV PENSION PLAN

A pension plan is provided for employees and is briefly outlined below. In the event there shall be enacted state or federal legislation which conflict with the terms of the below plan, state or federal legislation will govern.

#### **Eligibility**

Any employee of the Company shall or may retire on a retirement benefit subject to the provisions and conditions hereinafter set forth:

1. An employee who has attained the Normal Retirement Date (first day of the month in which occurs an employee's 65th birthday) and ceases active service with the Company shall be entitled to a pension.
2. For employees hired on or after June 1, 1985, an employee shall be entitled to a disability retirement benefit if the employee has completed 15 or more years of Credited Service (excluding service before age 18) and becomes totally and permanently disabled. In order to be eligible for a disability pension the employee must:

a. Be totally and permanently -prevented from engaging in any occupation or employment for wages or profit.

b. The disability must not have been incurred while the employee was engaged in:

- (1) criminal act
- (2) service in the armed forces
- (3) habitual drunkenness or addiction to a narcotic
- (4) intentional self-inflicted injury
- (5) act or disease resulting during the course of employment with an employer other than the Company.

Further, that the disability pension may be discontinued should the employee refuse to be examined by a physician designated by the plan. The pension would be computed on the basis of the Credited Service and Average Monthly Wages at the time of the disability retirement. Such pension shall commence on the employee's Normal Retirement date. On each January 1<sup>st</sup>, prior to the Employee's Normal Retirement Date, the monthly pension payable to a disabled employee shall be increased to reflect an additional year of Credited Service which would have accrued to the employee.

For employees hired on or before May 31, 1985, disability retirement benefits shall be provided under the contract terms as stated in the "Agreement Between Unital/ Fitchburg Gas and Electric Light Company and The Brotherhood of Utility Workers of New England, Inc. Utility Workers Union of America, AFL-CIO, Brotherhood of Utility Workers Council, Local Union No. 340B340, May 1, 1998 - May 31, 2000." An employee with fifteen (15) years of Credited Service and who has attained age fifty-five (55) may elect to retire on an Early Retirement Date, which may be the first day of any month thereafter prior to the employee's Normal Retirement Date.

The Company requests that the employee notify the Company in writing at least ninety (90) days prior to such date of intention to retire early.

### **Vesting**

An employee's pension benefit will become vested (a right to a deferred benefit at age 65) after completing at least five (5) years of credited service following their 18th birthday (excluding Credited Service completed prior to age 18).

### **Determination of Amount of Normal Retirement Benefit**

#### **A. Basis:**

The basis for the computation of the amount of the retirement benefit shall be the employee's average monthly wage for the last five (5) years of Credited Service or the employee's average monthly wages for any consecutive five-year period during the employee's last twenty (20) years of Credited Service, whichever amount is larger.

#### **B. Amount:**

Based upon average monthly wages determined as above stated, the employee shall be eligible for a monthly retirement benefit payable in advance, computed as follows:

1. For each of the first twenty full years of Credited Service - 2% of said average monthly wages, plus
2. For each full year of Credited Service in excess of twenty full years and not in excess of thirty full years - an additional 1% (one percent) of said average monthly wages, plus
3. For each full year of Credited Service in excess of thirty years - an additional 1/2 of 1% (one-half percent) of said average monthly wages, such sum to be reduced by:
4. Fifty (50%) percent of such employee's Primary Social Security Benefit payable under the Federal Social Security Act in effect on December 31, 1970: such reduced sum to be further reduced by:
5. The amount of monthly retirement benefit, if any, to which the employee is entitled under any retirement plan maintained by a former employer for which credit is given under the Plan (i.e. another Unital System Company).

### **Determination of Amount of Early Retirement Benefit**

The monthly amount of Early Retirement Benefit payable to an employee retiring on their Early Retirement Date shall be equal to the employee's Normal Retirement Benefit based on Credited Service to their Early Retirement Date, reduced on the basis of the following schedule:

Early Retirement	Percent Reduction of Normal Retirement Benefit	Early Retirement Benefit Expressed as a % of Normal Retirement Benefit
65	0%	100%
64	0%	100%
63	0%	100%
62	0%	100%
61	0%	100%

60	0%	100%
59	5%	95%
58	10%	90%
57	15%	85%
56	20%	80%
55	25%	75%

### **Normal Form of Benefits**

#### A. Monthly Annuity for Life

An employee who is unmarried at retirement will receive a retirement benefit as a monthly annuity for as long as the employee lives. Upon death, no death benefits will be payable to any beneficiary.

#### B. Joint and Survivor Annuity with Spouse

An employee who is married at retirement and who does not elect to receive the retirement benefit as a monthly annuity for life will receive an actuarially reduced benefit for as long as the employee lives with fifty (50%) percent of such reduced benefit payable after death to the employee's spouse for as long as such spouse lives. The reduction is based upon the life expectancies of the employee and spouse on the employee's retirement date.

### **Optional Form of Benefits**

#### A. Contingent Annuitant Option

An employee may elect, instead of the retirement benefit as heretofore provided, to have reduced retirement benefits made commencing on the employee's retirement date and after death such reduced payments, or any lesser amount selected by the employee, will be continued to the designated beneficiary, if living after the employee's death, for the beneficiary's lifetime.

#### B. Ten (10) Year Certain and Life Annuity

An employee may elect that the retirement benefit, payable on the retirement date, be reduced with the guarantee that not less than one hundred and twenty (120) monthly payments will be made either to the employee or the named surviving beneficiary.

#### C. Five (5) Year Certain and Life Annuity

An employee may elect that the retirement benefit, payable on the retirement date, be reduced with the guarantee that not less than sixty (60) monthly payments will be made either to the employee or the named surviving beneficiary.

If any of the above options are elected, the provisions for a minimum annual retirement benefit shall only apply prior to any reductions under the above options.

### **Minimum Retirement Benefit**

In no event will the Company pay any employee who retires with fifteen years of Credited Service an annual normal retirement benefit of less than \$1,200 in addition to such sums, if any, as the employee may receive as ""Primary Insurance Benefits"" under the Federal Social Security Act.

### **Spouse's Benefit**

A Spouse's Benefit shall be payable to an employee's spouse in the event of the employee's death prior to the Normal Retirement Date, provided at least fifteen (15) years of Credited Service was completed and the employee has been married to the surviving spouse for at least one (1) year.

The monthly amount of the Spouse's Benefit shall be one-half of the amount of Retirement Benefit which would have been payable had the deceased employee retired, rather than died, on the day before death, reduced, however, by one (1%) percent for each full year in excess of two (2) by which the deceased employee's age exceeds their Spouse's age.

A minimum of fifty (\$50.00) dollars per month shall be payable.

Spouse's Benefit payment shall terminate with the last payment due preceding death.

### **Deferred Termination Benefit**

An employee who terminated employment after five (5) or more years of Credited Service shall be entitled to a Deferred Termination Benefit equal to that portion of the Normal Retirement Benefit accrued to the date employment terminates.

### **Funding**

The pension plan will continue to be funded, with all contributions from the Company. It is understood that the retirement plan will meet the requirements for approval by the Internal Revenue Service and will be actuarially sound.

The specific details of the pension plan will be as described in the retirement plan documents. In the event of any conflict between this summary and the Plan Document, the Plan Document will govern. While the Company expects to continue indefinitely the benefits provided for under this pension plan, it agrees to continue them only for the term of the agreement with The Brotherhood of Utility Workers of New England, Incorporated. The Utility Workers Union of America, AFL-CIO, Brotherhood of Utility Workers Council, Local No. 340B340, effective June 1, 2000.

ARTICLE XVI  
DISABILITY RETROGRESSION PAY PLAN

1. Non-Compensable Disability

In the event an employee with ten (10) full years of continuous service or more becomes unable to perform their normal duties because of a disability for which the employee is not receiving Worker's Compensation Benefits, the Company shall provide the employee with work, provided the employee is able to perform such work. If such employee refuses to accept such work, the obligation of the Company hereunder shall be discharged. In the event an employee with less than ten (10) full years of service becomes unable to perform their normal duties because of a disability for which the employee is not receiving Worker's Compensation Benefits and if the Company is able to provide the employee with work which the employee is capable of performing, the employee shall be assigned to such work. The adjusted pay rate in either case shall be determined by the following PLAN shown below.

A. FUTURE RETROGRESSION

1. Less than ten (10) full years of continuous service at time of retrogression.

a. An employee with less than ten (10) full years of continuous service with the Company at time of retrogression shall receive the ultimate base rate of the new job classification.

b. The new rate shall become effective at the time of such retrogression.

2. Ten (10) full years and less than twenty-five (25) full years of continuous service at time of retrogression.

a. An employee with ten (10) full years or more of continuous service with the Company at the time of retrogression shall receive an ADJUSTED pay rate equal to the ultimate base rate of the new job classification.

PLUS

for each full year of continuous service an additional four percent (4%) of the differential between the pay rate of the new job classification and the employee's AVERAGE pay rate, except that in no case shall the ADJUSTED rate be greater than the AVERAGE rate, or less than the ultimate base rate of the new job classification. The AVERAGE pay rate shall be determined by finding the weighted average of the pay rates for all job classifications the employee has held for the five (5) year period immediately preceding the date of retrogression. In making this computation, ultimate base rates in effect at the time of retrogression shall be used.

b. The employee's pay rate shall be reduced to the ADJUSTED pay rate in steps of ten cents (\$.10) per hour or four dollars (\$4.00) per week every six (6) months, except that the last reduction step may be ten cents (\$.10) per hour or four dollars (\$4.00) per week or less as necessary to reach the ADJUSTED pay rate exactly. The first reduction step shall occur six (6) months from the effective date of retrogression.

3. Twenty-five (25) full years or more of continuous service at time of retrogression.

a. An employee with twenty-five (25) full years or more of continuous service with the Company at the time of retrogression shall retain the ultimate pay rate of the classification from which the employee retrogressed.

II. Compensable Disability

In the event an employee with ten (10) full years of continuous service or more becomes unable to perform their normal duties because of a disability for which the employee is receiving Workmen's Compensation Benefits, the Company shall provide the employee with work, provided the employee is able to perform such work. If such employee refuses to accept such work, the obligation of the Company hereunder shall be discharged. In the event an employee with less than ten (10) full years of service becomes unable to perform their normal duties because of a disability for which they are receiving Workmen's Compensation benefits and if the Company is able to provide the employee with work which the employee is capable of performing, the employee shall be assigned to such work. The employee's ADJUSTED pay rate in either case shall be determined as set forth under 1 (A) of this PLAN except that the following shall apply:

A. If, at the time of retrogression, the employee is receiving compensation for partial disability, the Company will pay such amounts so that the employee's total compensation from the Company and from such Disability Benefits will equal the adjusted pay rate.

B. The date the employee commences work at the lower classification shall be considered as the date of retrogression.

### III. General Provisions Applicable to I and II of the PLAN

- A. In all computations, only FULL YEARS of service shall be used.
- B. ADJUSTED pay rates established under the PLAN shall be figured to the nearest cent except where the rate figures exactly to a half-cent.
- C. An employee with ten (10) or more full years of continuous service receiving an ADJUSTED pay rate under the PLAN shall hold the title of the new job classification with the word ""SPECIAL"" appended thereto.
- D. A physician appointed by the Company in all cases shall consult with such employee's family physician and in the event of disagreement as to the employee's condition and/or ability to perform the work of any particular class, the case shall be referred to a recognized specialist or clinic in the field of medicine involved, whose opinion will be final and binding upon all parties.
- E. No change in GROUP INSURANCE classification shall result from such retrogression.
- F. General increases will be figured on the adjusted pay rate of a retrogressed employee.
- G. An employee transferred to a lower classification under the PLAN shall be assigned without posting the job.
- H. References to continuous service in the Company shall include service with affiliated companies.
- I. If an employee who is being compensated under the provision of this PLAN is again transferred to one or more lower or higher rated classifications, the employee's new ADJUSTED rate upon each such transfer shall be computed as if the employee had been transferred to such lower or higher classification initially, using all factors applicable at the time of the first retrogression. The resultant rate shall be corrected to reflect all wage adjustments which were made in such classification since the date of the initial retrogression.
- J. The Company may, in its discretion, withhold the provisions of this PLAN from employees who also engage in work for other than the Company or its affiliates.

#### ARTICLE XVII SICK PAY PLAN

Employees covered by this Agreement are eligible for the Company's Sick Pay Policy HR 1.12, effective June 1, 2000, and shall be entitled to two weeks sick pay during the first year of employment. After one year of employment, employees will be entitled to up to twenty-six weeks of sick pay. The Company may, in its discretion, withhold payment of sick pay benefits to employees who engage in other work. The Company reserves the right to request verification of continued disability by the Employee's physician, as well as the right to request second and third opinions.

The Company has given its Department Heads discretion to grant limited time off without loss of pay for urgent personal reasons including a serious emergency at home, such time to be no more than required for the purpose, usually a few hours and in no event, more than one day. Department Heads also have discretion to grant time off without pay for personal reasons if there is good cause and no abuse of privilege.

#### ARTICLE XVIII GROUP INSURANCE

During the effective period of this Agreement, the Company will maintain Group Insurance as follows: Life, Accidental Death and Dismemberment, Long-Term Disability, Medical and Dental Plans, in accordance with the Group Insurance Summary dated June 1, 2000, and attached hereto. In the event that there shall be enacted after June 1, 2000, state or federal legislation in addition to that now enacted which provides benefits in the field of health, medical, hospitalization and nursing care, the parties agree that there shall be no duplication or overlapping of such benefits and the benefits provided by the Company. In the event that the Company determines that such duplication or overlapping of benefits occurs, it may revise the benefits under the Company's Group Insurance Plans to minimize the same. In so doing, there will be no reduction in the benefits provided to employees as set forth in the attached Group Insurance Summary. The Union shall be given reasonable advance notice of any changes made pursuant to this provision and upon the request of the Union, it shall have an opportunity to discuss them with the Company prior to their being made. There will be no changes in insurance carrier during the term of the contract unless by mutual agreement.

#### ARTICLE XIX 401(k) PLAN

Employees may participate in the Company's 401(k) Plan (Plan). The Company agrees to make payroll deductions for payments to the duly-established 401(k) Plan upon written authorization by regular employees and to forward the amounts so deducted to the 401(k) Plan in accordance with such authority.

The Company reserves the right to make administrative changes to the 401(k) Plan during the term of this Agreement with the understanding that such changes will not decrease the amount of benefits provided to Plan members. These administrative changes may include the merger of 401(k) Plans.

The Company will amend the 401(k) Plan to permit the election of gross wages with or without overtime for maximum contributions on an annual basis if regulations permit. The employee can save 15% of base or gross wages and the Company will match 100% of the first 3% of base wages that an employee contributes to the Plan.

ARTICLE XX  
LEAVE OF ABSENCE

Section 1. Death in The Family

Employees are eligible for the Company's Bereavement Pay Policy HR 1.15, effective June 1, 2000, which allows for three (3) days off with pay for a death in the family.

Section 2. Jury Duty

Employees are eligible for the Company's Jury Duty Policy HR 1.27, effective June 1, 2000, which allows for unlimited time off with pay if an employee is required to serve as a member of a jury or is subpoenaed to appear in court in a capacity other than a plaintiff or defendant.

Section 3. Military Leave

Employees are eligible for the Company's Military Leave of Absence Policy HR 1.08, effective June 1, 2000, which allows for two (2) weeks off with pay for military training leave and four (4) months off with pay if an employee is activated as a result of a call-up order.

Section 4. Unpaid Leave of Absence

Employees are eligible for the Company's Unpaid Leave of Absence Policy HR 1.34, effective June 1, 2000, which allows for up to six (6) months off, unpaid, for personal reasons that do not qualify under other leave policies. A Leave of Absence of up to six months will not effect union seniority.

ARTICLE XXI  
SEVERANCE PAY PLAN

Employees are eligible for the Unifil Corporation Severance Pay Plan.

An employee who desires severance pay, must, within ten (10) days after receiving notice of layoff, notify the Company in writing of his desire to terminate employment and receive Severance Pay under this plan. Upon such termination and receipt of Severance Pay, the employee will lose all seniority and recall rights under the contract. If an employee does not desire to terminate his employment in these circumstances, he will retain his recall and seniority rights, to which entitled under the contract, if any, but shall not be entitled to any Severance Pay hereunder.

ARTICLE XXII  
BULLETIN BOARDS

The Company will provide space on the Company Bulletin Boards for official Union notices. Notices of Union meetings, elections, and appointments may be posted by the Union without prior approval. Any other material which the Union desires to post shall first be submitted to management for approval before posting. There shall be no posting of advertising or political matter or material which is objectionable or controversial.

ARTICLE XXIII  
EFFECT OF AGREEMENT

Section 1. This agreement is the entire agreement between the parties except such amendments or supplementary agreements as are in writing and signed by the parties.

Section 2. During the term of this agreement, should any provisions or part thereof become illegal, the rest of the agreement will continue in full force and effect.

ARTICLE XXIV  
CONTRACTORS

The Union will have the right to call to Management's attention any condition that they may consider detrimental to the employees of the Company relative to work proposed, or being performed by outside contractors, and Management agrees to discuss this condition with the Union, and to take whatever remedial action may be agreed to in these discussions. Outside contractors will be required to adhere to OSHA requirements.

The Company recognizes that its use of outside contractors may, at times, cause some concern to employees and the Union. Accordingly, upon request of the Union Committee, the Company representatives will discuss any problems arising over the use of contractors. If such discussion does not satisfy the Union, it may make a written request to the Director of the Company for a meeting

with the Director, in which event, the Director will sit down with the representatives of the Union for a thorough review and discussion of the problem.

Addendum (May 1, 1973) - The question of Pre-notification of Contractors to be handled as a matter of common sense and good labor relations, with no legal commitment. Except when emergencies exist, the Company will before the letting of a contract discuss with the Brotherhood the reasons, economics and any other matters pertinent to the situation.

There is no intent to displace regular employees by these outside forces..

Note: The foregoing paragraph would not preclude the Company from hiring temporary forces.

## ARTICLE XXV WORKING CONDITIONS

### Section 1. Alternate Emergency Trouble Worker - Line Department

It is agreed that the following supplementary practices affecting working conditions will be continued during the term of the current Collective Bargaining Agreement:

The conditions for Alternate Emergency Night Trouble Worker classification and posting thereof are as follows:

- a. Duties and qualifications would be the same as for the Emergency Night Trouble Worker and would be posted as such.
- b. Only Lineworkers-1<sup>st</sup> Class will be eligible to fill the job.
- c. One or more Lineworkers-1<sup>st</sup> Class with ""alternate"" listing will be listed according to seniority on summation sheet, but will retain present place in roster.
- d. Senior ""Alternate"" person would be assigned to fill in on a temporary basis when the regular Emergency Night Trouble Worker is not available for work. In the event the senior ""Alternate"" person is not available due to sickness, vacation, etc., the second ""Alternate"" person would be assigned. Any ""Alternate"" so assigned would accumulate seniority for time actually worked in the Emergency Night Trouble Worker's classification.
- e. Planned absences: Example - vacation, sickness other than first day -
  1. Senior person from "Alternate" list will not work 7:30 a.m. - 3:30 p.m. as Lineworker-1st Class.
  2. Will be notified and assigned in advance to fill in on the Emergency Night Trouble Worker's job.
  3. Will receive credit in the classification as Emergency Night Trouble Worker. Will also receive pay of classification at straight time.
  4. If there is overtime involved while the "Alternate" is working as the Emergency Night Trouble Worker, overtime will be at the Emergency Night Trouble Worker rate.
- f. Absences other than planned: Example - sickness first day -
  1. If "Alternate" man has reported for work for normal 7:30 a.m. - 3:30 p.m. hours, then "Alternate" will work 7:30 a.m. - 3:30 p.m. at straight time as Lineworker-1<sup>st</sup> Class. And then 3:30 p.m. - 12 midnight at time and one-half at the Emergency Night Trouble Worker's rate.
- g. When the Emergency Night Trouble Worker returns to work, "Alternate" will be notified not later than 4:00 p.m.. on the last working day prior to the Emergency Night Trouble Worker's return. "Alternate" will report on next working day at normal hours. If the Company is not able to meet this time factor, the "Alternate" and the regular Emergency Night Trouble Worker will work together for the first night after the regular Emergency Night Trouble Worker returns to work.
- h. An "Alternate" can be removed from the "Alternate" list by request. When an "Alternate" is so removed, the "Alternate" job will be posted to obtain a replacement.

### Section 2 Work Assignments Line Department

The normal crew complement for work assignments will be two line workers except the Company would have the option of assigning and upgrading a qualified line worker(s) to a single person operations and maintenance vehicle(s) .

The Union may request additional personnel and the crew supervisor may, at their discretion, grant the request.

- a. It is management's responsibility to determine the number of line workers needed on work assignments; that various relevant conditions affect a judgment whether two (2) line workers or three (3) line workers are needed on particular job

assignments; and that supervision should make particular job assignments on the basis of the number of line workers needed--whether this is two (2) line workers, three (3) line workers or more.

- b. It is the Company's policy to observe high standards of safety and in no event will it assign two (2) line workers if, in its judgment, three (3) line workers are required for a particular job by reason of safety considerations.

Work assignments are based on a collaborative effort from a Joint Working Committee. There is an understanding that work assignments will be mutually agreed upon before implementing. The Committee consists of two (2) Company and two (2) Union personnel.

It is recognized that as provided in Section 502 of the Labor-Management Relations Act of 1947, an employee may decline to work in good faith because of abnormally dangerous conditions for work and nothing in this memorandum can affect such right of the employees as set forth in the Federal Statute.

#### Section 4. Work Assignment Gas Department

Two (2) qualified persons will be used when working on live gas lines.

The Union may request additional personnel and the crew supervisor may, at their discretion, grant the request.

(a) It is management's responsibility to determine the number of utility workers needed on work assignments; that various relevant conditions affect a judgment whether two (2) utility workers or three (3) utility workers are needed on particular job assignments; and that supervision should make particular job assignments on the basis of the number of employees needed--whether this is two (2) utility workers , three (3) utility workers or more.

(b) It is the Company's policy to observe high standards of safety and in no event will it assign two (2) utility workers if, in its judgment, three (3) utility workers are required for a particular job by reason of safety considerations.

Work assignments are based on a collaborative effort from a Joint Working Committee. There is an understanding that work assignments will be mutually agreed upon before implementing. The Committee consists of two (2) Company and two (2) Union personnel.

In the event there is a reduction in Roster 7, identification of underground facilities and gas leak surveys using the flame ionization unit would be assigned exclusively to Union employees.

#### Section 5. Residential Gas Cock Lubrication Duties

- Work to be performed, during scheduled hours by the Gas Meter & Service Department
- Work to be performed, during non-scheduled hours, when Gas Service Department and Gas Distribution Department are both working, by Gas Meter & Service Department.
- Work to be performed for call-outs, by the Gas Distribution Department.

#### General Duties

- Maintenance, Cleaning and lubricating of gas cocks to be performed by the Gas Meter and Service Department under the above stated Stipulations.

#### Section 6. Inclement Weather Clause 5/1/89

The following provisions will apply to employees in Rosters 7 and 8 with respect to inclement weather:

During stormy weather (per OSHA 1910.269) or extreme cold, employees in these rosters will not be required to perform outside work, except in emergencies.

Extreme cold shall be considered fifteen degrees Fahrenheit and will be determined by the digital recording thermometer in the Transmission and Distribution office. The exception is to perform work required to meet a customer requirement. The Union and Company agree to make every effort to meet customer commitment even during extreme cold.

Outside work will be performed in precipitation. It will be management's discretion on work assignments in inclement weather. Field employees will exercise a common sense approach when working in adverse weather conditions and will make the determination whether work should continue.

#### Section 7. Medical Matters 8/14/84

The Company and the Union agree to the following in respect to medical matters involving employees.

1. Employees who desire to consult the Company Doctor should make an appointment through their supervisor.
2. When the Company Doctor, in accordance with the Disability Retrogression Pay Plan, decides that an employee should be retrogressed for physical disability, the Local Officers of the Union will be notified before the employee is told.
3. When an employee is denied a job because of physical reasons, the Union will be notified and the reason given before the employee is notified.

4. When an employee is out sick or out as a result of injury and the Company Doctor says the employee cannot return to work, the Union will be notified.
5. If there is disagreement between the employee's physician and the Company Doctor, arrangements will be made for the Union Representatives to talk with the Company Doctor as soon as possible.
6. If there is still disagreement, the matter may, upon request of either party, be referred to a third doctor, whose decision will be final and binding upon all parties. The third doctor will be selected by the Company Doctor and the employee's doctor. If they are unable to agree upon the third doctor, a joint request will be made to the Dean of the Harvard Medical School for choice of a third doctor in the special field involved. In the event a third doctor is appointed, the Company Doctor and the employee's doctor will have the right to submit the medical history of the employee and all other relevant information in their possession.
7. If an employee who has been absent from work because of disability is advised by their doctor to return to work but is prohibited from doing so until approved by the Company Doctor, the time required for the Company Doctor to make a decision whether or not the employee may return to work will be paid time and not subject to the provisions of the plan for payment of disability benefits.
8. The Company Doctor is responsible for determining when an ill employee is well enough to return to work and what type of work the employee should be returning to.
9. All employees who have been out for a serious illness such as

- Heart Condition
- High Blood Pressure
- Cerebral Hemorrhage
- Diabetes
- Tuberculosis
- Serious Surgery
- Back Condition
- Broken or Fractured Bones - any type
- Joint Condition
- Mental Disease
- Any type of paralyzing Disease

will have their condition checked by the Company Doctor before returning to any type of work. Any case where there has been a serious illness not mentioned, and there is any doubt as to the employee's ability to fulfill their regular job, it should be brought to the attention of the Company Doctor before the employee returns to work.

10. The Company Doctor will contact the family doctor, see the patient, if necessary, and make whatever tests are necessary to determine whether or not the employee can safely return to work; and also determine the type of work, or what limitations there should be on the work that the employee performs.
11. In any case where the Company Doctor feels that the employee is not ready to return to work or that the work should be changed, the Doctor will consult with the management giving the reasons and the limitations.
12. All employees wearing casts, splints, braces, using crutches, or canes must be cleared by the Company Doctor before returning to work. There are certain conditions which must be clarified before the Company Doctor will give their approval.
13. The following conditions must be met before the Company Doctor is contacted for approval:

- There must be a job that the employee can perform.
- The employee must be willing to do the work.
- The employee's attending physician must give permission to return to work.

## FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By (s) R. A. Ferreira

Vice President

Section 8. Snow Plowing 5/1/91

For the Liquefied Natural Gas Plant (LNG), the Liquefied Petroleum Gas Plant (LPG), and the Tennessee Gas Pipeline Metering (TGP), the plowing services will be provided by the members for Roster #19 and the equipment used for those services will normally be that which is assigned to the Department.

For all other locations, the plowing services will be provided by Roster #7 and the equipment used for those services will be those that are normally assigned to that Department. As such, the reference in the Inclement Weather, Memo #10 Item #9 under the ""Gas""

section will be eliminated, and it is expected that snow plowing will be conducted irrespective of the temperature restrictions stated in this memo.

The Snow Plowing Equalization List will be discontinued and all hours plowing will be recorded on the Emergency Overtime Equalization List.

The Property Maintenance Worker will continue to use the snow blower and shovel and sand the sidewalks and entryways at the John Fitch Highway facility. The Property Maintenance Worker may be assisted by employees from other rosters.

Qualified licensed backhoe operator will be from Roster 7.

Employees in Roster 7 prior to 5/1/79 will not be required to provide service for snow plowing / removal and sanding.

Selection of personnel for these assignments during normal working hours will be by seniority. Employees in the various rosters, including Roster #8, will perform normal snow removal activities associated with their roster.

#### Section 9. Tools and Equipment

The Company will furnish to employees such tools and equipment as in its judgment are required for the class of work involved for use on Company work only. Employees may furnish personal tools and equipment for use on the Company work subject to the approval of the Company, except that rubber gloves, cover gloves, and liners and safety belts will always be furnished by the Company. Tools and equipment damaged or lost by misuse or neglect shall be replaced by the employee. Ownership of all tools and equipment furnished by Company shall remain with the Company and subject to its rules as to storage, inspection and turning in to the Department Head on the completion of the work requiring them. Upon termination of employment by the employees, all Company tools and equipment, or their replacement cost, shall be turned into the Company.

#### Section 10. Wash-up Time

On jobs requiring it, the Company allows wash-up time to the extent necessary and agrees to continue such allowance, and any complaints by an employee in this respect may be processed as a grievance. In most situations, a fifteen minute period at the end of the shift is sufficient.

#### Section 11. Work Gloves

Work gloves shall be furnished by the Company at no cost to the employee, of a grade deemed by the Company suitable for the work involved. If the employee desires a better grade of glove, the Company will furnish that grade at half cost to the employee. Rubber hats, rubber coats, and rubber boots, or their equivalent, shall be furnished by the Company for those classes of work which require such equipment. Gloves and other equipment, above referred to, shall continue to remain the property of the Company, shall be replaced by the employee if damaged or lost through misuse or neglect, shall be turned in to the Company in order to obtain replacements, and, upon termination of employment, they shall be turned in to the Company by the employee, or their replacement cost paid for if such equipment has been lost or damaged through misuse or neglect and, provided further, that only one-half such replacement cost will be payable if the employee paid one-half the cost under the foregoing provisions.

#### Section 12. Gas Production

Employees in Roster 7 who entered the Roster after 5/31/00 may be assigned to the LNG and Propane Plants during the operating season. Assigned employees will not receive operating premium if their rates exceed Utility Worker-1 rate, plus operating premium.

Two additional employees will be made available and trained to run the plants during the winter heating season when such additional help is required. The number of assigned employees will be determined by Management and selection will be according to the following criteria:

1. Voluntary by seniority.
2. Assignment on the basis of less senior employees.

Utilityworkers will report to assigned plant at start of shift.

During the production season, Utilityworkers will be paid a car allowance of \$3.75/day when using own vehicles. A Company vehicle will be made available for travel to and from the LNG plant.

Operators will receive one-half hour (one way) travel allowance to the LNG plant only at a rate of 1 1/2 times base pay.

The Company will provide LNG and Propane Plant operators training to new employees entering Roster #7. Employees who initially fail Utility Worker 1, 2 and 3 examinations will be able to retake the examination every ninety (90) days.

#### Section 13. Gassing Vehicles 5/18/85

Employees will fuel vehicles assigned to them by the Company.

#### Section 14. Upgrading - Line and Street Departments 5/1/87

Effective May 1, 1987, employees in Rosters 7 and 8, who are scheduled to be upgraded but due to inclement weather or other reasons do not work in that capacity, will be paid at their regular rate of pay. The provisions of Article VI, Section 2 on page 6 will apply in this situation.

#### Section 15. Off Season Assignments of Production Workers 5/1/87

Personnel in Roster 19 will be assigned to perform the following list of duties at any time throughout the year when not operating the gas plants:

- a. Maintenance of LPGA and LNG Plants.
- b. Maintenance of Service Center Building, miscellaneous buildings and grounds.
- c. Delivery of material to job site.
- d. Cleanup of any substation, regulator station (not on public ways), lawn cleanup, hanging ""Danger"" signs, repair of fencing and buildings, etc.
- e. Loam and Seed
- f. Perform pre-cuts
- g. Gas pipe installation and removal with qualified workers using a common sense approach in making work assignments.
- h. Regulator maintenance with qualified worker using a common sense approach in making work assignments.
- i. Meter department systematic meter work, credit lock-ins and lock-outs and assist in service work.
- j. Corrosion control work, including installing insulator couplings.
- k. Perform dig safe markings and pre-markings.

#### Section 16. Use of Company Backhoe 5/1/91

This will confirm our discussion during the negotiations in 1985 that under normal operations, the Company will ensure that our backhoe is being operated prior to the use of a contractor's backhoe.

The Company will make every effort to use the Company backhoe in jobs involving Roster 8 when it is not disruptive to its other operations.

#### Section 17. Assignment of Rental Service Work

Effective 5/1/85, employees in Roster 6, in the classifications of Gas/Electric Tester/Installer - 3rd Class may be assigned service work on rentals for gas and electric hot water heaters and gas and electric dryers as part of the duties of the classifications. This does not affect the duties of employees in Roster 3 to also perform this function.

#### Section 18. Response to Overtime 5/1/87

Because of the nature of our business, and our need to provide 24-hour a day service to our customers, it is necessary that employees work a reasonable amount of overtime - planned and unplanned.

In departments where management determines there is no problem with response to overtime, local practices will continue. Where management determines there is an overtime response problem, a meeting between management and the union will be held.

Following this meeting, department practices may be replaced by the following policy:

1. The company will establish a call list that will record each instance when an employee does not respond to the call out. The concept of equalization of overtime may apply.
2. Employees shall furnish an acceptable means of off-hour contact by telephone.
3. Employees who do not respond to a call will be charged with an instance for lack of response (exception - employees who are out on authorized absences). Employees shall not be charged with more than one instance in a twenty-four hour period or on two consecutive days of relief.
4. The lack of response records of employees will be reviewed on at least a quarterly basis. Consideration will be given to the number of instances, the reasons for lack of response and the average response record of the employee in the department. If, as a result of this review, management considers that an employee's lack of response record is excessive, a formal meeting will be held with the employee (with Union representation) and the employee will receive formal warning. A continued unsatisfactory response record, reviewed on a monthly basis, will result in more severe disciplinary action.

#### Section 19. Overtime 5/1/87

The Company and the Union recognize that overtime is an inherent part of the business and employees are expected to work unless an exception is granted by the department manager.

In the event an employee is unable to work overtime, the employee must receive a waiver from the department manager or their designee. An employee will be required to work continuous overtime on jobs the employee was working during their regular work hours.

The employee working second shift will be required to continue working if overtime is required rather than the calling in of additional personnel. If an employee refuses to work overtime, the employee will be subject to normal disciplinary action.

An employee scheduled to work overtime and who does not report, or leaves early, will be subject to disciplinary action.

#### Section 20. Attendance at Training Sessions 5/1/91

I. When training sessions are designated by the Company that require a temporary change in working hours, the following will prevail:

- A. The Company will provide seventy-two (72) hour advance notice of the training session to the employee(s) involved.
- B. The provisions of Articles V, Pg. 4 and VII, Pg. 7 will not apply.
- C. The employee will be provided a noontime meal or reimbursement for a noon meal at the option of the Company.
- D. The Company will provide a vehicle for transportation to and from the training site if held outside the service territory.
- E. Compensation will be at a straight time rate of pay for eight (8) hours, including travel time and time and one-half for all other hours. The provisions of Article IX, Section 5 on page 11 will apply.

II. If training sessions are conducted that require the trainee to stay overnight, the following will prevail:

- A. The Company will provide seven (7) days advance notice to the employee.
- B. The provisions of Articles V on page 4 and VII on page 7 will not apply.
- C. The Company will provide for reimbursement of meals and arrange for lodging.
- D. The Company will arrange for transportation of the employee to and from the training site.
- E. The employee will be compensated at the straight-time rate of pay for eight (8) hours for each day of training. There will be no additional compensation for travel time over and above the straight eight (8) hours.

#### Section 21. Meter Reader - Car Washing 5/1/87

Effective 5/1/87, Meter Readers may wash their personal vehicles that are used for company business. They will be able to wash their vehicles between the hours of 7:30 a.m. and 5:00 p.m., but not during paid time.

#### Section 22. Training and Qualification 5/1/87

In Rosters 7 and 8, employees who wish to advance to a higher classification within the roster will be required to demonstrate their qualifications before advancement.

A Joint Subcommittee will be formed to review training needs and qualifications procedures.

#### Section 23. Meter Reading Department

The following practices shall apply to the Meter Reading Department:

- 1. Routes will be assigned by the Supervisor and will be rotated on a regular basis.
- 2. Employees will be entitled to a meal allowance when working overtime in accordance with Article IX, Section 5, Pg.11.
- 3. All training assignments for new meter readers will be made by the supervisor.
- 4. All routes are scheduled to be read in an average read time of 6.5 hours. This will allow for additional time for a 20 minute lunch (30 minutes for the months of December 1 through March 31) and (2) 15 minute breaks to be taken on the route or with approval from the supervisor, at the completion of the route (to be taken on the way while returning to the office or upon arrival at the office) and will also account for travel time to and from the route. The Company and the Union understand that this is an average and that routes may take more or less time to read due to weather conditions. Route configuration may be adjusted based on actual average read time for the duration of this agreement.
- 5. All routes should normally be completed by the Meter Reader before returning to the office. If the route requires overtime to read all meters, the Meter Reader must complete the assigned work before returning to the Company. Under unusual circumstances the matter of completing the route can be discussed by the employee with the Supervisor prior to the assignment.
- 6. During extremely adverse weather conditions including severe cold, the Company agrees to delay sending meter readers out or to call them in, if deemed appropriate by the supervisor.

#### Section 24. Electric Night Trouble Worker - Electric Turn-ons 5/1/89

The Night Trouble Worker in the Electric Transmission & Distribution Department will not be required to turn on more than four (4) electric turn-ons per night.

## Section 25 Standby Practice 6/1/00

1. Two qualified Line Workers (Roster 8), to remain within reach of a telephone or pager so that each employee on standby duty may be notified to report for work in cases of emergency or necessity on Thanksgiving, Christmas and New Years.
2. Two qualified Utility Workers (Roster 7) to remain within reach of a telephone or pager so that each employee on standby duty may be notified to report for work in cases of emergency or necessity on Thanksgiving, Christmas and New Years.
3. Standby duty requires the employee to be able to be contacted by telephone or pager, be within a reasonable driving time to the place the employee normally reports for work and be prepared to report for work when contacted.
4. Standby duty shall be for the entire 24-hour period of an established holiday.
5. Each employee shall receive 8 hours of straight time pay for the 24-hour period of standby plus holiday-pay for the hours worked on the holiday.
6. Standby can be implemented for other special conditions only if mutually agreed upon by both the union and the company.

## Section 26. Returning to Roster - With or Without Automatic Progression 5/1/91

The parties agree the Company will follow this agreement when awarding a job to an employee who is returning to a roster previously occupied by the employee.

### Roster with Automatic Progression

In any roster that has automatic progression, if the senior eligible employee has previous time in the roster, the employee will be awarded the entry level position and the previously held classification on the same date. Exception: If in the opinion of the department manager and training committee, the employee was not qualified to perform the higher class work, the employee would be awarded the higher class when the manager and training committee felt the employee was qualified to perform the work. Seniority would be on the basis of the job award.

### Roster without Automatic Progression

In any roster that does not have automatic progression, if the senior eligible employee has previous time in the roster, the employee will be awarded the entry level position. The employee would be evaluated by the training committees established in the labor agreement or be tested in accordance with the provisions of the labor agreement before being awarded a higher classification in the roster. The employee could request being tested or evaluated at any of the classifications they previously held in the roster. Seniority would be on the basis of the job award.

## Section 27. Service Department Alternate Trouble Worker 5/1/91

The Alternate Night Trouble Worker would be assigned to fill in on a temporary basis when the other Night Trouble Worker is not available for work on the 1-9 p.m., 4 p.m.- 12 midnight or Tuesday - Saturday shift due to sickness, accident, vacation, etc.

### Examples:

1. If one Trouble Worker takes a week's vacation on Tuesday-Saturday schedule, the other Trouble Worker will cover their normal 4 p.m.- 12 midnight, Monday-Friday shift plus work Saturday.
2. If one Trouble Worker takes a week's vacation on Monday-Friday, 4 p.m.- 12 midnight schedule, the other Trouble Worker will work Monday-Friday 4 p.m.- 12 midnight at regular time and Saturday at time and one-half.
3. If the Trouble Worker on the 4 p.m.- 12 midnight shift calls in sick, the 8 a.m.- 4 p.m. Trouble Worker will stay on and work 4 p.m.- 12 midnight on overtime. The 8 a.m. -- 4 p.m. Trouble Worker would then be assigned to cover the 4 p.m.- 12 midnight shift only until the other Night Trouble Worker returns.
4. Coverage on Thanksgiving, Christmas and New Years will be alternated between each Trouble Worker yearly.
5. The Alternate Night Trouble Worker will be given first refusal for all overtime that is required by vacation, sickness or accident of the other Trouble Worker.
6. When the Night Trouble Worker returns to work, ""Alternate"" will be notified not later than 4:00 p.m. on the last day prior to the Night Trouble Worker's return. ""Alternate"" will report on the next working day at normal hours. If the Company is not able to meet this time factor, the ""Alternate"" and the regular Night Trouble Worker will work together for the first night after the regular Night Trouble Worker returns to work.

Example: Regular night Trouble Worker calls in sick on Tuesday and informs the Company that they will not report to work until Friday. The Alternate is notified and continues working until the end of the regular Trouble Worker's shift. The alternate then reports on Wednesday and Thursday at the start of the regular trouble worker's shift. If the regular Trouble Worker reports in on Thursday their regular shift and the alternate was not notified by 4:00 p.m. on Wednesday to change back to their normal schedule, the alternate and regular Trouble Worker would work together on that shift.

## Section 28. Progression - Roster 7 and Roster 8 (Underground)

Applies to all future and current employees in these rosters.

Roster 7 Street Department	
Progression from Street Worker to Utility Worker A	
Street Worker to Utility Worker C	6 months
Utility Worker C to Utility Worker B	12 months
Utility Worker B to Utility Worker A	15 months
Roster 8 Underground Progression	
Progression from Cable Splicer Helper to Cable Splicer 1st Class	
Cable Splicer Helper to Cable Splicer 3rd Class	6 months
Cable Splicer 3rd Class to Cable Splicer 2nd Class	12 months
Cable Splicer 2nd Class to Cable Splicer 1st Class	15 months
Roster 8 Maintenance Progression	
Progression from Maintenance Worker 3 <sup>rd</sup> Class to Maintenance Worker 1 <sup>st</sup> Class	
Maintenance Worker 3rd Class to Maintenance Worker 2nd Class	15 months
Maintenance Worker 2nd Class to Maintenance Worker 1st Class	15 months

1. If employee is qualified, may progress more quickly.
2. All incumbents start with effective date of agreement.
3. If any employee does not qualify, they will be returned to classification previously held outside roster.

## Section 29. Temporary Assignments Outside the Company's Service Area

Work assignments with utilities outside the Company's service area are voluntary except when the utility is an affiliate of Unitil Corporation. If adequate volunteers cannot be obtained for work assignments at Unitil affiliates, personnel will be assigned. Assignments will be based on the following:

- Emergency - Equalization Overtime List
- Scheduled - Next Truck Out List

The employee will be paid in accordance with the contract except when an emergency situation exists. Under emergency conditions, the employee will be paid in accordance with the Emergency Storm Premium.

The provision does not apply to assignments classed as non-working; for example, training, schools, meetings, etc.

Section 30. Residency Requirements - The following requirement will apply to new employees hired after April 30, 1998. (Applies to employees in rosters 3, 6, 7, 8, 11, 19 and 20)

As a condition of employment, employees are required to maintain residency within a 20 minute travel commute between their primary residence and the Company's Operation Center located at 285 John Fitch Highway, Fitchburg, Massachusetts.

## Section 31. Line Workers Performing non-PILC work 6/1/00

1. Overhead line workers will be properly trained to perform non-PILC cable work
2. Qualified (trained) overhead line workers will be able to Locate, Repair, Splice, Replace or Test non-PILC cable work.
3. During off hours, the Underground crew will be the first call (1<sup>st</sup>) on underground trouble.
4. During normal work hours, if the underground crew is available they will perform the necessary cable work, if however they are busy or unavailable the overhead personnel will perform the work.
5. The Head Cable Splicer position will be posted if the current position becomes vacant. The Cable Splicer first class (1<sup>st</sup>) position will be posted if the incumbent, as of June 1, 2000, becomes a Head Cable Splicer. The 1<sup>st</sup> Class Cable Splicer duties will be modified to include substation operations maintenance and construction work,

## Section 32. Emergency Day TroubleWorker

1. This position will be filled normally by the alternate night trouble person, at no additional cost to the company with no increase in complement.
2. When the Emergency Night Trouble worker is not available, the First Class Line Workers will be canvassed, by seniority, to perform the Day Emergency Trouble Worker duties. If no First Class Line Worker accepts the canvass, the junior qualified First Class Line Worker will be assigned as the Day Emergency Trouble Worker.
3. A First Class Line Worker, will receive the alternate rate of pay for that period for which they are assigned as the Day Emergency Trouble Worker.
4. The Emergency Day TroubleWorker may be assigned to work as part of a crew or complement a full crew as needed.
5. The Emergency Day Trouble Worker position will be filled at the discretion of management.

## ARTICLE XXVI BENEFITS

### Section 1. Coffee Breaks

Coffee breaks will be limited to fifteen (15) minutes, one in the morning and one in the afternoon.

The following mutually agreed upon interpretation will govern the application of the Coffee Breaks provision as it applies to Roster 7 and 8.

1. The morning coffee break may be taken by employees on a take out basis on their way to their first work assignment of the day, so long as the total amount of time taken for the break, including the purchase and drinking of the coffee, does not exceed a total of fifteen (15) minutes. This shall not apply when the employee's first work assignment of the day is an emergency or urgent in nature, nor shall employees drive away from their route for purposes of purchasing coffee.
2. The afternoon coffee break may be taken by employees on their route between jobs subject to the same limitations as set forth in Article IX, Section 4 (4) (B) 2 and Section 4 (4) (B) 4.
3. When employees are working on a job site during coffee break period, the following rules shall govern the taking of the break:
  - (a) On emergency or urgent jobs on which an employee cannot be spared to leave, the employees may take their break on the job site without purchasing any coffee or the break may be deferred to allow for the purchase of coffee on a take out basis on route to the next job or on the way back to the Company at the end of the workday, subject to the same limitations as set forth I Article IX, Section 4 (4) (B) 2, and Section 4 (4) (B) 4.
  - (b) If an employee can be spared from the job site, the employee will be allowed to drive to a nearby restaurant or store for purposes of purchasing coffee and bringing it back to the job site, subject to the same limitations as set forth in Article IX, Section 4 (4) (B) 3.
4. If during break time, employees are working at the Company facility where coffee is provided or can be made, employees will take their break at the facility.

## Section 2. Thermos Bottles

Thermos bottles of coffee are available for line and street department employees to take with them in the morning.

## Section 3. Damaged Clothing

The Company will repair or replace clothing damaged by acid, chemicals, or fire because of employment or by accidents involving the use of hydraulic equipment on the line trucks, or, at its discretion, reimburse the employee for the cost if it does not decide to repair or replace the damaged clothing. Holes caused by heat or delayed chemical reaction will be considered as included within the meaning of damaged clothing.

## Section 4. Treatment of Meal Allowances 5/1/87

This is to confirm discussions during the negotiations in 1985 that all meal fees that are submitted by employees without a receipt from the restaurant will be treated as an allowance and so reflected in the employees' wages. Meal allowances will be processed through the payroll system and reflected in the employees' paychecks. Under no circumstances will meal allowances be processed through petty cash.

## Section 5. Motor Vehicle Insurance 5/1/87

Employees who use their own motor vehicles on company business will be covered for the insurance deductibles in the event of an automobile accident as long as they are not cited for a serious motor vehicle violation.

## Section 6. Reimbursement for Safety Shoes

The Company, with appropriate documentation, will reimburse employees the full cost up to \$100.00 for the first pair, and one-half the cost, up to \$50.00 for the second pair of safety shoes, up to two (2) pair per calendar year or the Company will reimburse the employee up to \$150.00 for a single pair of safety shoes per calendar year. The Apprentice Lineworker will be allowed a one time allowance of \$175.00.

Meter Readers will be reimbursed the full cost, up to \$85.00 each, for two (2) pair of safety shoes per year and may use safety sneakers during regular business hours.

## Section 7. License Reimbursement

The Company will reimburse the cost of a valid motor vehicle and hoist engineer's license to those employees who are required to have such licenses as part of their job posting.

Employees will be required to submit a photostat copy of their license in order to receive reimbursement.

It will be the employee's responsibility to meet all requirements to maintain and retain their license or licenses.

The Company will provide training so that employees will be able to obtain a Class No. 2 license for vehicle operation, and employees in Roster 7, 8 and 15 will be able to obtain a Class No. 1 license, and thus, be able to qualify on this score where

possession of such a license is a job requirement.

## Section 8. Company Uniforms

The Company will furnish uniforms for Meter Readers, Service Department, and Meter Department personnel. The uniforms will consist of jackets, trousers, and shirts. The employees will arrange for the laundering of these uniforms at their own expense. The employees will take reasonable care of the clothing furnished and they will be required to wear such clothing during all working hours.

Officers of Local No. 340B340, B.U.W.U.W.U.A.. not only endorse the program of personnel wearing uniforms but have offered to support this program by assisting the Company in seeing that the personnel involved wear said uniforms. In the event that one were not to wear the uniform for any reason, Local No. 340B340 officers requested that they be notified at which time they will immediately contact the individual involved and make every effort to see that the uniform will be worn with consistency. In the event the officers of Local No. 340B340 are unsuccessful in this initial assistance, the Company would then become involved and would resort to their normal disciplinary practices in cases of infraction of Company rules.

## ARTICLE XXVII BARGAINING UNIT WORK

Supervisors who are not covered by the Collective Bargaining Agreement will not normally perform bargaining unit work which employees, subject to such Agreement, are normally required to perform, except in the following circumstances: emergencies, training, demonstrations, testing, or trying out new equipment or methods; work incidental to supervisory duties; helpful or relieving a bargaining unit employee for short periods in cases of fatigue, strain, unusual condition or the like; occasions when non-performance of the bargaining unit work by the supervisor would result in hardship, inefficiency or unjustifiable cost to the Company; and occasional instances when a bargaining unit employee is not readily available. Nothing in the foregoing shall be interpreted to mean that a supervisor, other than in emergencies, may perform bargaining unit work outside of an employee's regularly scheduled hours which the employee would normally be called in to perform, such as 13 KV switching on Saturday or Sunday.

## ARTICLE XXVIII UNION BUSINESS

The Company will grant the employee who is the Union's Council Representative one (1) day off without pay to attend the monthly Council meeting.

Days off on union business will be considered a workday without pay for the following people:

- President
- Vice President
- Secretary
- National Representative
- Grievance Committee Representative

## ARTICLE XXIX UNITIL RETIREE TRUST

Employees are eligible to join the Unitil Retiree Trust upon retirement from the Company.

## ARTICLE XXX SAFETY

5/1/87

1. The Company and the Union agree that safety is a matter of highest importance and will cooperate in an effort to enforce the safety rules contained in the safety manual.
2. The Union will select five (5) representatives, one (1) each from the following areas: (Electric Overhead; Street; Production; Meter & Service and Office) to serve on the Safety Committee for a minimum of one (1) year. The membership will be rotated to ensure that all employees have the opportunity to participate on the committee.
3. The Company will provide a safety manual to each employee. The manual will be reviewed with the employee and any questions clarified. The employee will be expected to comply with the safety manual and violations will be enforced through the disciplinary process, up to and including termination.
4. All revisions to the Safety Manual will be sent to the Local President prior to implementation for review and discussion.

ARTICLE XXX  
NO DISCRIMINATION

Employees are covered by the Company's Equal Employment Opportunity Policy HR 1.07, dated February 22, 1999. The Company provides equal employment opportunity for all employees regardless of race, color, marital status, religion, age, gender, sexual orientation, national origin, citizenship status, disability or veteran status.

ARTICLE XXXII  
DURATION AND TERMINATION

This agreement shall be effective as of June 1, 2000 except where the effective date of any provision thereof is otherwise specifically provided and shall be binding upon the parties hereto and upon all employees who are subject to its provisions, and it shall remain in full force and effect through May 31, 2005.

ARTICLE XXXIII  
SUCCESSORS

This agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns; and the words ""Company"" and ""Brotherhood"", respectively, shall be construed to include their respective successors and assigns.

IN TESTIMONY WHEREOF the parties hereto have caused these presents to be executed by their respective officers, thereunto duly authorized, this day of June 2000

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By: /s/ Robert E. Bisson, Director, Distribution Operations Center  
Robert E. Bisson, Director, Distribution Operations Center

THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO,  
BROTHERHOOD OF UTILITY WORKERS COUNCIL, LOCAL B340

By: /s/ Randall W. Hier, President, Local 340B340  
Randall W. Hier, President, Local 340B340

/s/ Robin Courtemanche, Secretary, Local 340B340  
Robin Courtemanche, Secretary, Local 340B340

THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO,  
BROTHERHOOD OF UTILITY WORKERS COUNCIL, LOCAL B340

By: /s/ George P. Fogarty, National Representative, UWUA

George P. Fogarty, National Representative, UWUA

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

SCHEDULE OF WAGES

Effective June 1 of each year, during the term of the contract, the Company will pay each bargaining unit employee, who is on the Company's payroll, according to the following schedules:

**Roster 1 -- Transportation**

Job Title	Ultimate Hourly Rate Effective				
	2000	2001	2002	2003	2004
Transportation Technician 1 <sup>st</sup> Class	22.77	23.57	24.30	25.03	25.78
Transportation Technician 2 <sup>nd</sup> Class	21.01	21.75	22.42	23.09	23.79

Employees must have worked satisfactorily in the lower rated job for 15 months before advancing to a higher rate.

### CLERICAL PROGRESSION AND PAY PLAN

All clerks will enter clerical progression and pay plan as a probationary employee and, if qualified, will progress under the following schedule:

#### Roster 2 - Operation Support Clerk

		Ultimate Hourly Rate Effective				
Step	Period in Step	2000	2001	2002	2003	2004
Clerk (Probationary)	3 months	11.64	12.05	12.42	12.80	13.18
Clerk (Probationary)	3 months	12.50	12.94	13.34	13.74	14.15
Clerk Regular	6 months	13.28	13.74	14.17	14.59	15.03
Clerk Regular	6 months	14.07	14.56	15.01	15.46	15.92
Clerk Regular	6 months	15.81	16.37	16.88	17.38	17.90
Clerk Regular		16.63	17.21	17.75	18.28	18.83
Radio Operator		17.13	17.73	18.28	18.83	19.39

All progression in the aforementioned steps is contingent upon demonstrated ability, increased job knowledge and satisfactory accomplishment. The position calls for personnel in this Roster to do any job in the Roster.

Effective 6/1/00;

1. Employees entering Roster 2 will be allowed to advance to Step 6 of the Clerical Progression and Pay Plan. Step 6 will be considered the ultimate rate for these employees and they shall be expected to perform all the functions associated with employees in higher steps who entered the rosters before the effective date of this change. In order to progress to step 6, candidate will be able to cover all areas of the department.
2. Hours are 8:00 a.m. to 5:00 p.m. unless assigned to the dispatch area, the hours for the dispatch area will be 7:30 a.m. to 4:30 p.m.
3. If being assigned to the dispatch area a minimum of 24-hour notice will be given for coverage.
4. When Radio Operator position becomes vacant, Clerk position will be posted. Step 7 Radio Operator will be eliminated.
5. The Senior Plant Records Clerk, as of May 31, 2000, will be advanced to Step 7.

#### Roster 3 - Meter & Service

		Ultimate Hourly Rate Effective				
Job Title		2000	2001	2002	2003	2004
Gas Service / Pipefitter Worker 1 <sup>st</sup> Class		22.71	23.50	24.23	24.96	25.71
Emergency Night Trouble Worker		19.75	20.44	21.07	21.70	22.36
Gas Service / Pipefitter Worker 2 <sup>nd</sup> Class		19.44	20.12	20.74	21.36	22.00
Gas Service / Pipefitter Worker 3 <sup>rd</sup> Class		17.71	18.33	18.90	19.46	20.05

1. Personnel entering any of the new classifications must be certified as qualified under the following list of requirements:

Gas Service / Pipefitter Worker - 1st Class - Self-Cleaning Ranges, Commercial and Industrial Equipment and Gas Air Conditioners

Gas Service / Pipefitter Worker - 2nd Class - Central Heating Equipment, Space Heaters, Gas Ranges, and Gas and Electric Water Heaters.

Gas Service / Pipefitter Worker - 3rd Class - Gas Water Heaters and Ranges.

Night Trouble Worker: Must be a Gas Service / Pipefitter Worker - 2nd Class.

2. Upon completion of the necessary classes on any appliance, the employee must satisfactorily pass written examination based on the subject matter covered in the class. The employee must also satisfactorily demonstrate their ability to repair a malfunction of the appliance.
3. The examination and demonstrations will be prepared and administered by a gas and electric service supervisor with such manufacturer's assistance as is available. Samples showing the general type of examination will be submitted to the B.U.W. in advance. After satisfactory completion of examination and demonstration, the supervisor will certify the employee for the particular appliance. A Union representative may be present at examinations as an observer.
4. Training will be arranged first on those appliances required for the lowest classification and will be given progressively through the requirements for all classifications.

5. Each employee must be certified for all appliances required below as well as those required by the classification equal in wage rate to their present class before taking training and attempting certification for advancement.
6. As employees are certified for higher classes, they will be automatically advanced. If a junior employee advances to a classification higher than that of an employee senior to him/her in the present roster, the senior employee, upon advancement to that class, will be accorded seniority over the junior employee.
7. Present employees will not be reduced in wages, during the term of this contract, if they do not satisfactorily complete certification as required but shall not advance without certification.
8. Only after employees are certified for higher classification will they receive the higher rate of wages.
9. After certification on all appliances necessary to qualify as a Gas Service Worker - 1st Class, employees will be expected to accept training and certification on any newly-developed appliances without further change in rate.

**Roster 6 - Meter (Gas and Electric)**

Job Title	Ultimate Hourly Rate Effective				
	2000	2001	2002	2003	2004
Meter Worker 1	22.64	23.43	24.15	24.88	25.62
Gas / Electric Tester / Installer 1 <sup>st</sup> Class	22.64	23.43	24.15	24.88	25.62
Gas / Electric Tester / Installer 2 <sup>nd</sup> Class	21.49	22.24	22.93	23.62	24.32
Gas / Electric Tester / Installer 3 <sup>rd</sup> Class	19.18	19.85	20.47	21.08	21.71
Gas / Electric Tester / Installer Helper	18.55	19.20	19.79	20.39	21.00

**Roster 7 -- Street**

Job Title	Ultimate Hourly Rate Effective				
	2000	2001	2002	2003	2004
Utility Worker -- A -- Leader	23.92	24.76	25.52	26.29	27.08
Utility Worker -- A	22.09	22.86	23.57	24.28	25.00
Utility Worker -- B	19.59	20.28	20.91	21.53	22.18
Utility Worker -- C	18.38	19.02	19.61	20.20	20.81
Streetworker	17.17	17.77	18.32	18.87	19.44
Utility Worker -- A -- Leader / Regulator	23.92	24.76	25.52	26.29	27.08
Utility Worker -- A / Regulator	22.09	22.86	23.57	24.28	25.00
Utility Worker -- B / Regulator	19.59	20.28	20.91	21.53	22.18
Utility Worker -- C / Regulator	18.38	19.02	19.61	20.20	20.81
Streetworker / Regulator	17.17	17.77	18.32	18.87	19.44
Certified Gas Welder -- 1 <sup>st</sup> Class	24.02	24.86	25.63	26.40	27.19

**Roster 8 - Electric Distribution**

Job Title	Ultimate Hourly Rate Effective				
	2000	2001	2002	2003	2004
Head Lineworker	27.18	28.13	29.00	29.87	30.77
Emergency Day/Night Trouble Worker	25.44	26.33	27.15	27.96	28.80
Lineworker -1 <sup>st</sup> Class	24.50	25.36	26.14	26.93	27.73
Lineworker -- 2 <sup>nd</sup> Class	20.08	20.78	21.43	22.07	22.73
Lineworker 3 <sup>rd</sup> Class	19.11	19.77	20.39	21.00	21.63
Apprentice Lineworker	18.17	18.81	19.39	19.98	20.57
Head Cable Splicer	27.26	28.22	29.09	29.96	30.86
Cable Splicer -- 1 <sup>st</sup> Class	24.74	25.60	26.40	27.19	28.00
Cable Splicer -- 2 <sup>nd</sup> Class	22.10	22.87	23.58	24.29	25.02
Cable Splicer -- 3 <sup>rd</sup> Class	19.99	20.69	21.33	21.97	22.63
Cable Splicer's Helper	18.92	19.58	20.19	20.79	21.42
Head Maintenance Worker	24.32	25.17	25.95	26.73	27.53
Maintenance Worker -- 1 <sup>st</sup> Class	22.73	23.53	24.25	24.98	25.73
Maintenance Worker -- 2 <sup>nd</sup> Class	18.72	19.38	19.98	20.58	21.19
Maintenance Worker -- 3 <sup>rd</sup> Class	17.15	17.75	18.30	18.85	19.42

(1) Lineworkers who have worked 12 months after promotion to Third Class and qualified for promotion shall be advanced without posting to Second Class.

\*\* Lineworkers who fail to qualify in either class after 18 months shall be reassigned to the position they held prior to being promoted or transferred. Such promotions will be made with the understanding that the number of personnel on the roster will not be increased because of these promotions. An applicant for a posted Third Class Lineworker's vacancy shall be a qualified Apprentice Lineworker with a minimum of six (6) months total time in that class.

When a Lineworker-Second Class has worked 15 months and is qualified for promotion to Lineworker-First Class, two (2) jobs will be posted, to facilitate the filling of one opening as follows:

1. Lineworker-First Class

This will allow Emergency Night Trouble Worker, desirous of returning to days, to bid for the opening as well as the newly qualified Lineworker-First Class. The award will be made to the Senior Qualified bidder.

2. Emergency Night Trouble Worker (Anticipated)

This will allow Lineworkers-First Class, including the newly qualified Lineworker-First Class, to bid for this anticipated opening. In the event an opening does develop, the award will go to the Senior qualified bidder. If no one bids this anticipated opening, and the opening, in fact, occurs due to an Emergency Night Trouble Worker bidding and being awarded the Lineworker-First Class opening, the newly qualified Lineworker-First Class will be assigned the open Emergency Night Trouble Worker job.

(2) A premium of ten cents (\$.10) per hour will be paid to Apprentice Lineworkers when assigned to operate a jackhammer for periods of one (1) hour or more.

(3) Premium of thirty-five cents (\$.35) per hour will be paid to Cable Splicers when splicing on fully insulated cables and/or potheads for time actually worked in the air necessitating use of suspended platform, ladder, bucket truck or when working from poles.

(4) In the event an Emergency Night Trouble Worker desires to revert to the job of Lineworker-1st Class, and a qualified Lineworker-1st Class is willing to take the job of Emergency Night Trouble Worker; the Company upon being advised of the desires of the two employees, will post an anticipated vacancy for each of the two (2) jobs in order to provide a swap between them.

**Roster 9 - Meter Readers**

Ultimate Hourly Rate Effective					
Job Title	2000	2001	2002	2003	2004
Meter Reader	18.99	19.66	20.27	20.87	21.50

Meter Readers shall be paid a car allowance of \$3.75 while using their own vehicle.

Meter Readers shall be paid \$4.00 for meal allowance.

**Roster 11 -- Stores**

Ultimate Hourly Rate Effective					
Job Title	2000	2001	2002	2003	2004
Stock Clerk	19.85	20.55	21.18	21.82	22.47
Stock Person	19.20	19.87	20.49	21.10	21.73

**Roster 12 - Property Maintenance Worker**

Ultimate Hourly Rate Effective					
Job Title	2000	2001	2002	2003	2004
Property Maintenance Worker	17.08	17.68	18.22	18.77	19.33

**Roster 19 - Gas Production**

Ultimate Hourly Rate Effective					
Job Title	2000	2001	2002	2003	2004
Utility Worker -- 1	20.79	21.52	22.19	22.85	23.54
Utility Worker -- 2	19.91	20.61	21.25	21.89	22.54
Utility Worker -- 3	19.36	20.04	20.66	21.28	21.92

A \$1.50 per hour premium will be paid while operating the LNG and/or Propane Plants.

**Roster 20 - Dig Safe**

Ultimate Hourly Rate Effective					
Job Title	2000	2001	2002	2003	2004

Job Title	2000	2001	2002	2003	2004
Dig Safe Technician	19.45	20.13	20.75	21.37	22.02

## POLICY WITH REFERENCE TO REST PERIOD

### First Shift Workers

An Employee who is required to work scheduled or unscheduled hours between midnight and 6:00 a.m. is entitled to a minimum aggregate of seven (7) hours of rest time between midnight and 7 a.m. except in cases of actual or threatened interruption of service. If such rest time extends into the employee's normal workday, no reduction in pay will be made for the hours overlapping the normal workday. Rest time extending into the normal work schedule will be taken at the end of the normal workday unless otherwise established by mutual agreement to be taken at the beginning of the scheduled workday.

#### Lunch periods are excluded from determination of rest period allotment.

Example 1 - If an employee called at 12 midnight works to 3:00 a.m., their normal work day starts at 7:30 a.m., the employee is allotted three (3) hours rest and reports to work at 10:30 a.m.

Example 2 - If an employee called at 2:00 a.m. works to 4:00 a.m., their normal work day starts at 7:30 a.m., the employee is allotted two (2) hours rest time and reports to work at 9:30 a.m.

Example 3 - If an employee called at 5:30 a.m. works to 7:30 a.m., their normal work day starts at 7:30 a.m., the employee is entitled to one and one half (1-1/2) hours rest time and continues working.

#### First, Second and Third Shift Workers

Example 4 - If an employee called at 2:00 a.m. works to 4:00 a.m., their normal work day starts at 8:00 a.m., the employee is allotted two (2) hours rest time and reports to work at 10:00 a.m.

Example 5 - If an employee called at 4:30 a.m. works to 7:30 a.m., their normal work day starts at 7:30 a.m., the employee is allotted two and one half (2 1/2) hours rest time and leaves work at 1:00 p.m.

In any twenty-four (24) hour period, an employee who has worked continuously sixteen (16) hours or more, except in case of interruption to service, is entitled to nine and one-half (9 1/2) hours rest (including travel time and established meal periods) before reassignment. If such rest period should overlap employee's normal workday, the employee shall suffer no loss in pay for the time involved.

When employees have worked twenty-four (24) or more consecutive hours, and such work extends into the employee's normal work day, the employee shall suffer no loss of paid rest entitlement for such hours extending into that normal work day.

Where the extended work period follows a scheduled work day of eight (8) hours with a one-hour paid lunch period, the scheduled work day will count as eight consecutive hours.

If the paid rest period ends one (1) hour or less, prior to the end of the employee's regular scheduled workday, the paid rest period will be extended to the end of such regular scheduled workday unless notified by a supervisor to report back to work.

When following a rest period, an employee is scheduled to report for work shortly before their lunch period, the supervisor has discretion to excuse the employee from reporting back to work until after lunch, without loss of pay, depending upon the then-existing work requirements, and provided the employee has telephoned the supervisor prior to the time they are scheduled to report to ascertain whether the employee should report as scheduled or wait until after lunch.

The Company will consider employees completing a rest period to be available for overtime based on their standing on the overtime equalization list.

Rest period will be granted to second shift workers only on a call-out which would disturb their sleep, i.e. the hours between midnight and 5:30 a.m.

## SHIFT DIFFERENTIAL

Employees assigned to classification whose regularly scheduled hours start between 1:00 p.m. and 6:00 a.m. shall receive, in addition to their regular rate, a premium of ninety-five cents (\$.95) per hour for time worked.

## SUNDAY PREMIUM

A premium of twenty-five per cent (25%) of the straight-time basis rate of established classifications will be paid when work is performed on Sunday where such Sunday is within the regularly scheduled workweek of such class.

## DOUBLE TIME ON SECOND DAY OF RELIEF WHICH IS SEVENTH DAY OF WORK

An employee who is required to work on their second consecutive day of relief, and having worked on their first day of relief, shall be paid double their regular hourly rate of pay for hours worked on said second day of relief.

For Monday to Friday workers, for the purposes of the employee's premium payment, the first day of relief will be considered Saturday, the second day of relief the Sunday which is on the following day, and the seven (7) day period will be the period ending that Sunday.

For shift workers, or those on any other schedule the first day of relief and the second day of relief will be as allocated according to the payroll workweek.

If the second day of relief occurs on a holiday, the holiday premium only will be paid and these premiums will not be pyramided.

In no event will the double time premium be paid more than once in any payroll workweek.

#### EMERGENCY CALL OUT

First shift employees who have a call-out which includes hours after midnight, when the next day is a day of relief (Friday night and Saturday night), will be paid double time for all hours after midnight until the normal starting time, as if it was not a day of relief, e.g., 7:30 a.m. for roster 7, 8, 15, 19 and 8:00 a.m. for all other rosters. The minimum for a call-out, between the above mentioned hours, will be double time for three (3) hours. There will be no double counting of hours after the normal starting time. This provision will also apply to employees on first shift who work other than Monday through Friday.

#### EXAMPLES:

A. An employee whose normal days of relief are Saturdays and Sunday is called out and reports to work at 11:00 p.m. on Saturday and works until 1:00 a.m. on Sunday will be paid:

1 hour @ time-and-a-half (1-1/2) plus;  
2 hours @ double time (2)

B. An employee whose normal days of relief are Saturday and Sunday is called out and reports to work at 2:00 a.m. on Saturday and works until 4:00 a.m. on Saturday will be paid:

3 hours @ double time

C. An employee from roster 7 or 8 whose normal days of relief are Saturday and Sunday is called out and reports to work at 4:00 a.m. on Sunday and works until 8:00 a.m. on Sunday will be paid:

3 and 1/2 hours @ double time (4:00 a.m. to 7:30 a.m.)  
plus  
1/2 hour @ time-and-a-half (7:30 a.m. to 8:00 a.m.)

D. An employee from roster 3, 5, or 6 whose normal days of relief are Saturday and Sunday is called out and reports to work at 4:00 a.m. on Saturday and works until 8:00 a.m. on Saturday will be paid:

4 hours @ double time (4:00 a.m. to 8:00 a.m.)

E. An employee whose normal days of relief are Saturday and Sunday is called out and reports to work at 5:30 a.m. on Saturday and works until 8:00 a.m. on Saturday will be paid:

3 hours @ double time

PART "B"

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#### RETAINED POLICIES

#### POLICY Page

#1 - Assignment to Conventional Line Equipment

#2 - Education Assistance

#3 - Payday

#4 - Length of Service Awards<sup>1</sup>

#5 - Upgrade to Supervisor (10%)

## COMPANY POLICIES

For the information of all concerned, we are listing below a number of Company policies of general interest:

1. The Company intends to rotate assignments to the conventional line equipment in order to keep people proficient at climbing, but the duration of assignments is predicated upon individual capabilities, performance and interest. Although assignments will not always be equal they will be equitable. While the assignments are discretionary, they will not be discriminatory and the Company will be entirely willing at any time to discuss any complaints.
2. Employees are eligible for the Company's Education Reimbursement Policy, HR 1.14, effective February 22, 1999.
3. Payday for bargaining unit personnel will be Thursday, p.m.
4. Employees are eligible for the Company's Length of Service Awards Policy, HR 1.09, Effective June 1, 2000.
5. When the Company temporarily requires a bargaining unit employee to perform supervisory work, as, for example, in the absence of a supervisor, the Company pays a premium of 10% of the employee's regular rate but not more than the rate of the supervisor, provided the employee is assigned the responsibility for the employees under them. In the event a Lineworker-1st Class is temporarily assigned as Distribution Foreperson and is assigned the responsibility for two or more crews, the Company pays the rate of the Head Lineworker plus 10% of that rate, but not more than the rate of the Distribution Foreperson. When a bargaining unit employee in Roster 2 is upgraded under this policy, the employee will perform their regular bargaining unit work and supervisory assignments made by the manager.  
At the present time, there is no intention to change the above policies, but the Company does intend to review them from time-to-time, and if changes are made, appropriate advance notice will be given to those concerned. None of the above policies will be changed unless the changes have been discussed with the Union.

PART "C"

### FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

#### GROUP INSURANCE SUMMARY

Effective June 1, 2000, there shall be maintained a Group Insurance program with the following benefits:

##### Basic Group Life Insurance

Employees are eligible for group life insurance coverage equal to two times their annual base wages (hourly rate \* 2080), rounded to the next higher full thousand. Employees hired before May 1, 1985 will be eligible for group life insurance coverage equal to three times their annual base wages reduced to the next lower full thousand, up to a maximum of \$100,000, frozen at the amount in effect on July 31, 1997 until the two times coverage described above exceeds the frozen coverage.

Employees become eligible for coverage on the first of the month following employment.

Fitchburg Gas And Electric Light Company pays insurance premium cost.

##### Accidental Death and Dismemberment

Employees are eligible for accidental death and dismemberment coverage up to a maximum of one times their annual base wages (as defined above), rounded to the next higher full thousand. Employees become eligible for coverage on the first of the month following employment.

Fitchburg Gas And Electric Light Company pays insurance premium cost.

##### Insurance After Retirement

Employees who retire from active service will continue Group Life Insurance of \$7,500.

Fitchburg Gas And Electric Light Company pays for the retiree's group life insurance.

##### Long-Term Disability Insurance

Employees are eligible for long-term disability insurance coverage equal to 60% of their annual base wage (as defined above). The waiting period to begin collecting benefits is 180 calendar days of disability. Benefits are payable for two years if the Employee is disabled from performing their own occupation, or to age 65 if the Employee is totally and permanently disabled from performing any occupation. Benefits from the plan are offset by other sources of disability income. Employees become eligible for coverage on the first of the month following completion of one (1) year of service.

While collecting LTD benefits, an employees other benefits will continue as specified in the Company Policy on Continuation of Benefits While on Long Term Disability/Extended Medical Leave of Absence, HR 1.36, effective June 1, 2000.

## **Medical Insurance**

### **Point Of Service Plan:**

Provides employees with a choice each time there is a claim between receiving HMO style benefits or indemnity style benefits.

**HMO Style Benefits**--Benefits received from a Primary Care Physician or as a result of a referral from the Primary Care Physician are subject to a \$5 copayment.

**Indemnity Style Benefits**--Benefits that are received without a referral from the employee's (or dependent's) Primary Care Physician are subject to an annual \$250/person (\$500/family) deductible, followed by 80% coverage for the next \$5,000 of covered expenses per person (\$1,000 per person in coinsurance payments).

Prescription drugs are subject to a \$10 copayment per 30 day supply of brand name drug, a \$5 copayment per 30 day supply of generic drug, or a \$5 copayment per 90 day supply of drugs ordered via mail order prescription service.

While in the employ of the Company, if an employee suffers a fatal industrial accident, or an employee dies a natural or non-industrial accidental death leaving a widow(er), the widow(er) will continue to be covered under the Company's Comprehensive Health Insurance Plan (with family coverage if there are dependent children) for a period of ten (10) years, or until remarriage, or until reaching age sixty-five (65), whichever occurs first.

Retirees under sixty-five (65) years and their dependents will be covered by the Medical Insurance Plan, and the Company will pay the premium for Retirees and their dependents for the first year following retirement. After this first year, retirees and their dependents will be eligible to receive health insurance benefits from the Unifit Retiree Trust.

Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan paid for by the Company. The eligible dependents (age 65 or over) of these retirees over sixty-five (65) years will also be covered under the Supplement to Medicare Plan with full premium paid for by the Company. The Company will pay the premium for Retirees and their dependents for the first year following retirement. After this first year, retirees and their dependents will be eligible to receive health insurance benefits from the Unifit Retiree Trust.

## **Group Dental Plan**

Group Dental Insurance is provided for employees and their eligible dependents and is briefly outlined as follows.

Coverage I: No deductible. 100% paid by insurance.

**Diagnostic** - Initial Examination; Examinations to determine the required dental treatment once in a six (6) month period:

- X-Rays - Full Mouth/Panorex.
- X-Rays once in a three (3) year period.
- Bitewing X-rays once each twelve (12) month period.
- Periapical X-Rays as necessary.
- Preventative - Cleanings once in a six (6) month period.
- Fluoride - once in a twelve (12) month period (age limit 19).
- Space Maintainers.

Coverage II: \$25 deductible per member per insurance plan year. After deductible, 80% paid by insurance, 20% paid by patient.

- Restorative - Amalgam, Silicate and Acrylic restorations.
- Oral Surgery - Extractions.
- Endodontics - Pulp therapy; root canal filling.
- Periodontics - Treatment of gum disease; includes periodontal cleanings.
- Dental Repair - Repair of removable denture to its original condition.
- Palliative - Emergency Treatment.

Coverage III: \$25 deductible per member per insurance plan year. After deductible, 50% paid by insurance, 50% paid by patient.

- Crowns and build-ups for crowns.
- First placement of inlays and bridges.
- First placement of partial or full dentures.

Coverage IV: No deductible. 50% paid by insurance, 50% paid by patient.

Orthodontia. Lifetime maximum for this benefit is \$1,000 per person.

Maximum of three (3) deductibles per family per insurance plan year and a maximum payment by the plan of \$1,250 per member per insurance plan year.

Employees shall pay 10% of the total cost for medical and dental insurance coverage. Such premiums shall be subject to the following weekly dollar caps:

#### **Employee Weekly Premium Contributions**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Single</b>	\$5.17	\$5.94	\$6.83	\$7.86	\$9.04	\$10.39
<b>Two Person</b>	\$10.22	\$11.76	\$13.52	\$15.55	\$17.88	\$20.56
<b>Family</b>	\$15.41	\$17.72	\$20.38	\$23.44	\$26.95	\$30.99

Employees will have the option of contributing premiums on a pre-tax basis under the terms of the Unitil Corporation Pre-Tax Premium Plan.

Employees will also have the option of dropping medical insurance coverage and receiving two months of company contributions towards the premium, rounded to the nearest \$10.

#### **Supplemental Group Term Life Insurance**

Employees will have the option of purchasing supplemental group term life insurance equal to 1x, 2x, or 3x their base pay (hourly wage times 2080), and pay the premiums through payroll deduction. The first \$100,00 coverage will be issued without any evidence of insurability if the employee signs up for coverage when initially eligible. Evidence of insurability may be required by the insurance company: 1) If the employee declines coverage and later decides to enroll in the plan after the initial eligibility period, 2) if the employee decides to increase coverage as a multiple of base pay, or 3) for any coverage exceeding \$100,000.

#### **Supplemental Accidental Death and Dismemberment**

Employees will have the option of purchasing individual or family supplemental accidental death and dismemberment insurance in increments of \$10,000 and pay the premiums through payroll deduction. Maximum coverage is \$300,000.

#### **Long Term Care Insurance**

Employees will have the option of purchasing long term care insurance for nursing home and home health care benefits. Such policies can cover the employee, the employee's spouse, parents or in-laws, and the employee will receive the benefit of a group discount and pay the premiums through payroll deduction. Employees will have the opportunity to design individual policies that meet their individual needs.

This benefits summary is for informational purposes only. The benefits are described more fully in the applicable master group insurance policy. The extent of coverage for each individual is governed at all times by that document. In the event of any conflict between this summary and the plan documents, the plan document will govern.

While the Company expects to continue indefinitely the benefits provided under these plans, it agrees to continue them only for the term of the Contract with employees of Fitchburg Gas And Electric Light Company covered by the Agreement and The Brotherhood of Utility Workers of New England The Utility Workers Union of America, AFL-CIO, Brotherhood of Utility Workers Council and Local Union No. 340B340, dated June 1st, 2000.

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#### **LETTERS OF INTENT**

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2.	Plans to Furlough During Term of Contract	5/1, 1998	67

May 1, 1973

The Brotherhood of Utility Workers of New England, Inc.  
Local No. 340  
Fitchburg, Massachusetts 01420

Gentlemen:

This will confirm to you during negotiations as to our policies on employees being called in to work during their scheduled vacation periods. The Company recognizes the importance and desirability of employees being able to enjoy their vacations and, therefore, will call in employees to work during such periods only in emergency situations or for urgent reasons beyond those encountered under usual day-to-day operations.

Very truly yours,

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By: /s/ Howard W. Evors, Jr.  
President

The Brotherhood of Utility Workers, Inc.  
Local No. 340  
Fitchburg, Massachusetts

The Company has no plans to furlough any regular employees during the term of the present contract. However, the Company must be free to deal with unexpected situations brought about by economical or technological changes, acts of God, natural or man-made disasters, etc., and will do so to the optimum benefit of its" employees, owners and customers.

By /s/ Robert G. Schoenberger  
Chairman of the Board  
& Chief Executive Officer

#### PROGRESSION CHART

ROSTER 1	TRANSPORTATION Transportation Technican-1st Class Transportation Technican-2nd Class	(15 Months to 1st Class)
ROSTER 2	Operations Support Clerk (See Clerical Progression and Pay Plan-Page 51)	
ROSTER 3	METER & SERVICE Gas Service / Pipefitter Worker-1st Class Emergency Night Trouble Worker Gas Service / Pipefitter Worker-2nd Class Gas Service / Pipefitter Worker-3rd Class Progression Based on Successfully Passing Written and Field Exam.	
ROSTER 6	METER (GAS & ELECTRIC) Gas/Electric Tester/Installer-1st Class Gas/Electric Tester/Installer-2nd Class Gas/Electric Tester/Installer-3rd Class Gas/Electric Tester/Installer Helper	Two (2) years in the classification Two (2) years in the classification Six (6) months in the classification
ROSTER 7	STREET Utility Worker-A-Leader Utility Worker -A Utility Worker-B Utility Worker-C Street Worker	(15 Months to Utilityman-A) (12 Months to Utilityman-B) ( 6 Months to Utilityman-C)
ROSTER 8	ELECTRIC DISTRIBUTION Head Lineworker Emergency Night Trouble Worker Lineworker-1st Class Lineworker-2nd Class	(15 Months to 1st Class)

Lineworker-3rd Class	(12 Months to 2nd Class)
Apprentice Lineworker	(6 Months to 3rd Class)
Head Cable Splicer	
Cable Splicer 1st Class	
Cable Splicer 2nd Class	(15 Months to 1st Class)
Cable Splicer 3rd Class	(12 Months to 2nd Class)
Cable Splicer Helper	(6 Months to 3rd Class)
Head Maintenance Worker	
Maintenance Worker 1 <sup>st</sup> Class	
Maintenance Worker 2 <sup>nd</sup> Class	(15 Months to 1 <sup>st</sup> Class)
Maintenance Worker 3 <sup>rd</sup> Class	(15 Months to 2 <sup>nd</sup> Class)

ROSTER 9 METER READER  
Meter Reader  
No Automatic Progression

ROSTER 11 STORES  
Stock Clerk  
Stock Worker  
No Automatic Progression

ROSTER 12 Property Maintenance Worker  
Property Maintenance Worker  
No Automatic Progression

ROSTER 19 GAS PRODUCTION  
Utilityworker 1  
Utilityworker 2 - Must have held U-2 12 Mo.) Per  
Utilityworker 3 - Must have held U-3 12 Mo.) Postings  
Progression Based on Successfully Passing a Written Exam for Each Class.

ROSTER 20 DIG SAFE  
Dig Safe Technician  
No Automatic Progression

## Unitil System Policies

**Subject:** System Policy - Human Resources  
Military Leave of Absence Policy Number HR 1.08 (G)  
**To:** All System Employees  
**From:** George E. Long, Jr. **Effective:** June 1, 2000  
**Supersedes:**  
HR 1.08 (G) 8/1/99  
FG&E 6.1-4  
CECo C.03.10(X)  
E&H C.03.10(X)

## **PURPOSE**

To establish conditions under which leave of absence may be granted to employees who leave active employment and enter the military service or reserves or who receive annual military training in the Armed Forces of the United States or the Reserves.

## **ELIGIBILITY**

All regular full-time and part-time employees.

## **POLICY - MILITARY TRAINING**

Eligible employees who are members of reserve components of the Armed Services of the United States or the National Guard, and who are required to report for their annual tour of military training duty, shall be granted a leave of absence, not to exceed two (2) weeks in any calendar year.

Military training leave is in addition to any vacation for which an employee may be eligible.

Eligible employees will be granted a supplemental allowance for any loss in pay during the two (2) week training period, equal to the difference between their base rate of pay and one week's military base pay, exclusive of allowances, for the two (2) week period.

Payment will be made upon the employee's return to work, usually in the next regular pay check, after receipt of certification from the proper military officer showing the amount received while engaged in military training duty.

All employee benefits will continue during this two (2) week military leave period.

-

## **POLICY - MILITARY LEAVE (INITIAL)**

If an employee who is in the Armed Forces, National Guard or Reserves is activated as a result of a call-up order from the President of the United States or volunteers for active service, she/he will be eligible for military leave.

Military service leave is in addition to any vacation for which an employee may be eligible.

Eligible employees will be granted a supplemental allowance for any loss in pay during an initial four (4) month period, equal to the difference between their weekly base rate of pay and one week's military base pay, exclusive of allowances, for the four (4) month period.

Payment will be made in the employee's regular pay checks, after receipt of certification from the proper military officer showing the amount received while engaged in active service.

Most employee benefits will continue during this initial four (4) month leave. The employee will not be eligible for Accidental Death and Dismemberment insurance.

If the employee's activated service continues beyond the four (4) month period, his/her status will change to military leave, extended status.

## **POLICY - MILITARY LEAVE (EXTENDED)**

Eligible employees leaving active employment in order to enter military service shall be considered to be on leave of absence without pay for the period of extended military service up to five years.

Eligible employees entering the military service shall be permitted to return to employment with credit for all seniority, service credits, status, and pay rate they would have received had they not been absent, as long as the leave of absence does not exceed five years.

Upon release from active military service, an employee who applies for reinstatement will be returned to his/her former position. If the employee's job is of such a nature that it must be filled, then the Company will attempt to return the employee to a comparable position, with all the rights and benefits the employee received before leave was taken. If no

such position is available upon return, the employee will be placed in an alternate position and the Company will offer the employee the first comparable position that becomes available.

Application for return to active employment status must ordinarily be made within ninety (90) days after release from active military service.

Employees who are members of reserve units of the military are asked to notify their supervisor at least four (4) weeks in advance and indicate in writing their intentions with regard to participating in periods of active duty. This written notification will be made a part of the individual employee's personnel file.

Medical, dental, life and long term disability insurance will cease at the end of the calendar month in which the employee terminates active employment and enters active service. All other benefits will cease during the military leave of absence. Employees shall, however, have the right to participate in the company's group health plan for up to 18 months at their own expense. Upon return to active employment, the employee will be reinstated in these programs, with the seniority and status that would have been earned had the employee not entered military service.



## System Policy

**Subject:** System Policy - Human Resources  
Length of Service Awards Policy Number HR 1.09 (G)

**To:** All System Employees

**From :** George E. Long, Jr. **Effective:** June 1, 2000

**Supersedes:**

HR 1.09 (G) 1/1/00

CECo C.03.24

E&H A.08.11(G)

### **PURPOSE**

The purpose of this policy is to recognize employees at five year and multiples of five year anniversaries.

### **ELIGIBILITY**

All regular full-time and part-time employees who celebrate five year and multiples of five year anniversaries with the Company are eligible for a length of service award.

### **PROCEDURE**

An employee who reaches a five year or a multiple of a five year anniversary with the Company will receive a length of service award. The recognition award will be awarded in Unitil Corporation Common Stock. The amount of stock awarded will be based on \$20.00 per year for every year of employment. Any difference in the cash value of the award and the amount of stock awarded will be paid to employee in cash.

An employee's length of service will be calculated starting from his/her first day of employment. If an employee transfers from one location to another (within the Unitil system), his/her original date of hire will be used.

Any time that an employee spent on a personal, unpaid leave of absence will not count towards the length of service credit.

If an employee terminates from the Company and is rehired, the Company will credit the employee with his/her prior service.

Length of service awards will be presented at regularly scheduled company-sponsored events. The awards, along with a certificate of recognition, will be presented by the CEO, President, or Department Head.

### **RESPONSIBILITIES**

The Human Resources department at USC is responsible for the overall administration of this program, including budgeting.



## System Policy

**Subject:** System Policy - Human Resources

**Sick Pay Policy Number** HR 1.12 (G)

**To:** All System Employees

**From:** George E. Long, Jr. **Effective:** June 1, 2000

Supersedes HR 1.12 (G) 8/1/99

### **PURPOSE**

The purpose of this policy is to protect employees against loss of income when they cannot work due to an injury or illness which is short-term in nature.

### **ELIGIBILITY**

All regular full-time and part-time employees who have successfully completed their probationary period are eligible.

### **POLICY**

All regular full-time and part-time employees are eligible for up to two (2) weeks of sick pay upon completion of their probationary periods. Upon completion of one (1) year of service these employees are eligible to receive up to twenty-six (26) weeks of leave at full pay each calendar year. This sick pay benefit is for income protection for personal sickness and disability only.

Vacation time continues to accumulate during paid sick leave. If illness occurs during a scheduled vacation, the employee may discuss the circumstances with the Department Head for special consideration. Employees will receive Holiday Pay instead of Sick Pay for any Holiday that occurs while receiving sick pay.

All company benefits will continue in force while collecting sick pay.

If the employee is going to be out for more than three (3) days, the Supervisor must notify the local Human Resources contact so that the employee can be placed on Family & Medical Leave if applicable.

The Company may, in its discretion, withhold payment of Sick Pay for illness or injury resulting from paid employment of any kind other than employment by the Company. The Company will not pay Sick Pay benefits for illness or injury incurred while committing a felony.

Any compensation payable during the period of sick leave will be reduced by any compensation paid to the employee from Federal or State Worker's Compensation Law.



## System Policy

**Subject:** System Policy - Human Resources

**Bereavement Pay Policy Number** HR 1.15 (G)

**To:** All System Employees

**From:** George E. Long, Jr. **Effective:** June 1, 2000

Supersedes HR 1.15 (G) 3/1/00

### **PURPOSE**

The Company recognizes the need for employees to take time off from work due to the death of a family member.

### **ELIGIBILITY**

Regular full-time and regular part-time employees who have successfully completed their probationary period are eligible.

### **GUIDELINES**

Employees will be granted up to three (3) days off with pay for a death in the family. Usually, the time off is available in the week following the death. However, employees with legal responsibility for settling a deceased person's affairs can use part of the three days for this purpose at a later time. Family members include spouse, child, sibling, parent, parent-in-law, stepparent, grandparent, aunt, uncle, cousin, grandchild and any relative living in the employee's home. Family members also include domestic partners and close relatives of a domestic partner.

Employees who require additional time due to unusual or extenuating circumstances may, at management's discretion, be granted additional time off or an unpaid leave of absence, as needed.



System Policy

**Subject:** System Policy - Human Resources

**Vacation Pay Policy Number** HR 1.20 (G)

**To:** All System Employees

**From:** George E. Long, Jr. **Effective:** June 1, 2000

**Supersedes** HR 1.20 (G) 2/22/99

**PURPOSE**

The Company recognizes the need for employees to take periodic breaks from their work schedules in order to spend time with their families, pursue personal interests, travel, etc. To this end, the following outlines the annual vacation leave policy for all employees.

**ELIGIBILITY**

Full-time and part-time employees are eligible for vacation pay.

**GENERAL INFORMATION**

**Benefit Year** for vacation leave is January 1 through December 31 each year.

**New Employees** -- During the probationary employment period, employees may not use vacation entitlements; however, they may use all vacation time accrued during this period after successful completion of the probationary period.

**Vacation Usage** -- Accrued vacation time can be taken in one half and whole days. Up to sixteen (16) hours of vacation pay per year may be used in one (1) hour increments for unscheduled personal emergencies or family events, subject to the approval of the supervisor. Vacation entitlements should be used by December 31 each year. This reinforces the Company's commitment to employees taking time away from their job responsibilities. It is the responsibility of each manager to ensure that all vacation time accrued by their respective employees is used in accordance with this policy.

**Vacation Scheduling** -- Employees must seek prior approval from their supervisors before taking vacation time and all questions regarding vacation leave should be directed to their immediate supervisor. The Company reserves the right to limit vacation leave to a maximum of two consecutive weeks at any given time. Certain circumstances, however, may require more vacation leave time and therefore will need the approval of the employee's supervisor.

**Vacation Carryover** -- Up to 50% of an employee's annual vacation entitlement may be carried over to the next vacation year. All time in excess of this 50% carryover will be forfeited.

**Payday** -- When employee is on vacation on a regularly scheduled payday their check will be direct deposited into their bank on payday if enrolled in that program, or their check will be available from their Personnel Assistant on payday. Arrangements can be made in advance to have the check mailed to the employee's home.

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**ACCRUAL SCHEDULE**

The schedule below illustrates the accrual of the vacation leave benefit:

<u>Completed Years of Service</u>	<u>Entitlement</u>	<u>Monthly Accrual</u>
0 -- 4 years*	2 weeks	0.833 days/month
5 -- 9 years	3 weeks	1.25 days/month
10 -- 19 years	4 weeks	1.67 days/month
20 + years	5 weeks	2.08 days/month

Part-time employees will receive a pro-rated amount of vacation pay based on the number of hours that they are regularly scheduled to work. For example, if an employee with less than 5 years of service is regularly scheduled to work 22 hours per week, then s/he would be eligible for 44 hours of vacation pay per year. See calculation below:

# of Hours Regularly Scheduled to Work X 80 hours

40 hours

\*Additional consideration will be given to new employees who had at least 10 years of service in similar positions to that which they hold in the Company or had at least 3 weeks of vacation before joining the Company. These employees will be eligible to receive an additional week of vacation benefit through the end of the fifth year at which time their annual entitlement officially becomes 3 weeks per year.

## **ACCRUAL RULES**

Benefit Year entitlements for newly hired employees will be prorated according to the month in which they begin their employment. Employee must be employed on the first working day of the month in order to receive the benefit for that month.

Employees who celebrate a 5, 10, or 20 year service anniversary with the Company will receive the additional week of vacation in their anniversary year.

If an employee leaves the Company, the Company will compensate the employee for all unused vacation leave time which has been accrued at the time of the employee's departure from the Company. The employee would receive the benefit for the final month worked only if they were employed on the last working day of the month. The final check covering any unused vacation would be mailed to the employee within 10 working days after their termination date.

Employees who retire or who are laid off from the Company will receive the full entitlement for the Benefit Year in which the retirement or layoff becomes effective.

Vacations will continue to accrue during any absence for which the employee is receiving full pay.



### System Policy

**Subject:** System Policy - Human Resources

Wellness Policy Number HR 1.23 (G)

**To:** All System Employees

**From:** George E. Long, Jr. **Effective:** June 1, 2000

**Supersedes** HR 1.23 (G) 2/22/99

## **PURPOSE**

This policy is designed to foster the health and safety of all employees by encouraging and supporting activities that are known to maintain and improve an individual's personal health.

## **ELIGIBILITY**

Regular full-time and regular part-time employees who have successfully completed their probationary period are eligible.

## **POLICY**

The company will reimburse an eligible employee for out-of-pocket expenses of up to a total of \$100 per calendar year for any combination of the following activities:

- Annual physical exams, including mammograms and other annual screenings
- Exercise facilities membership, such as a YMCA/YWCA, or a facility which offers exercise equipment, track, racquetball, squash, tennis, swimming, martial arts, yoga, etc.
- Exercise classes, such as aerobics, calisthenics, jazzercise, etc.
- Weight control programs, such as Weight Watchers, Overeaters Anonymous, Jenny Craig, etc.
- Smoking cessation programs, including hypnosis or over-the-counter smoking cessation aids.
- Health education classes, including courses on hypertension control, stress management, healthy eating, CPR, First Aid, etc.
- Other fitness-related activities and exercise equipment

To receive a reimbursement for any of these activities, the employee must submit a receipt of payment along with a description of the program to the Human Resources department. The bill must include the name of the facility, total cost, and date of services. The Human Resources department will then authorize payment of the reimbursement directly to the employee.

The wellness benefit will not accrue from one calendar year to the next. All unused reimbursements will be forfeited.



## System Policy

**Subject:** System Policy - Human Resources

Jury Duty **Policy Number** HR 1.27 (G)

**To:** All System Employees

**From:** George E. Long, Jr. **Effective:** June 1, 2000

**Supersedes:**

HR 1.27 (G) 2/22/99

FG&E 6.1-5

E&H C.03.9 (G)

CECO C.03.09 (G)

### **PURPOSE**

The Company recognizes that employees have a civil and legal responsibility to participate in jury service or certain other mandatory court appearances from time to time. Therefore, the Company will provide time off with pay to any eligible employee required to serve as a juror or to participate in other mandatory court appearances on a regularly scheduled work day.

### **ELIGIBILITY**

Regular full-time, regular part-time, and temporary employees who have completed their probationary period are eligible.

### **POLICY**

Any employee summoned to serve as a juror in a federal, state, or local court on a regularly scheduled work day shall be granted time off with pay to fulfill such obligation.

An employee who is subpoenaed or served notice to appear in court or as a witness or in a capacity other than as a defendant or plaintiff on a regularly scheduled work day will be granted time off with pay for the duration of such appearance.

An employee excused from jury duty for any full day must report to work on that day. Employees are also responsible for reporting to work on any day they are released early, if so requested by their managers.

An employee's manager will make no attempt to get an employee released from serving on a jury, except at special request of the department head.

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### **PAY**

An employee required to perform jury duty or subpoenaed as a witness will receive regular straight-time pay.

Hours spent performing jury duty or appearing as a witness even though not actually worked will be counted as hours worked for purposes of computing overtime.

A non-exempt employee who is required to report for work after jury duty and works beyond his or her normal working hours will be eligible for overtime pay for those extra hours.

### **ADMINISTRATION**

An employee must notify his or her supervisor as far as possible in advance of any absence for such purpose. The employee must present a copy of the summons, subpoena, or written evidence requiring the court appearance.

To receive pay from the Company, the employee must provide a statement certified by a court representative as to the employee's service as a juror or witness and the dates and hours of attendance to his/her supervisor. His/her supervisor will forward the statement to Payroll.



## System Policy

**Subject:** System Policy - Human Resources

Unpaid Leave of Absence **Policy Number** HR 1.34 (G)

**To:** All System Employees

### **PURPOSE**

To define the company's policy on unpaid leaves of absence.

### **ELIGIBILITY**

This policy applies to all regular full-time and part-time employees.

### **PROCEDURE**

An employee may request an unpaid leave of absence for personal reasons which do not qualify for other leaves of absences. An unpaid leave of absence will not exceed six (6) months. Each request will be treated on a case-by-case basis and is subject to approval by the employee's manager, Department Head, and the Director of Human Resources.

The employee must submit the request in writing to his/her manager. The request must include the period of time off requested and the reason for the request.

If the request is approved, the employee must use all accrued vacation and Floating Holiday pay before going on unpaid leave. The employee will not accrue vacation pay and Floating Holidays, and will not be paid for any fixed holidays while s/he is on unpaid leave.

If the approved leave is for one month or less, the employee must arrange to pay for his/her share of the premium for medical and dental insurance. The company will continue to pay for his/her life and long term disability insurance.

If the approved leave is for more than one month, the employee must arrange to pay for 100% of the cost of medical, dental, life, and long term disability insurance in order to continue benefits.

Contributions to the employee's 401(k) plan will cease while the employee is on unpaid leave.

The employee must make arrangements to continue to pay off any outstanding loans before s/he goes on unpaid leave.

The employee will not be eligible for the following benefits while on unpaid leave: workers' compensation, business travel accident insurance, new requests for tuition assistance, new requests for the PC purchase program, and dependent care spending account.

Time spent on unpaid leave will not count towards benefits that are dependent upon length of service. The employee's service anniversary date will be adjusted to subtract any time spent on leave for more than 1 month.

Prior to commencing a leave, the employee and manager will agree on a length of leave during which the manager will guarantee reinstatement to the employee's position. For any leave longer than this agreed period, the company cannot guarantee reinstatement to the same or equivalent position with equivalent pay, benefits, and other terms and conditions of employment as the employee held before going on unpaid leave. When at all possible, the company will try to reinstate the employee, if the job still exists.

If the employee does not return to work on the agreed-upon date, the employee will be considered to have voluntarily terminated.



System Policy

**Subject:** System Policy - Human Resources  
Continuation of Benefits While on Policy Number HR 1.36 (G)  
Long Term Disability/Extended Medical Leave  
of Absence

**To:** All System Employees

**From:** George E. Long, Jr. **Effective:** June 1, 2000

**Supersedes** HR 1.36 (G) 8/1/99

### **PURPOSE**

To define the company's policy on continuing benefits while an employee is receiving long term disability (LTD) benefits on an extended medical leave of absence.

### **ELIGIBILITY**

This policy applies to all regular full-time and part-time employees who are eligible to receive LTD benefits.

### **PROCEDURE**

An employee who is disabled for more than 26 weeks due to illness or injury must apply for LTD benefits in order to receive LTD benefits. In this case, an employee's status is considered to be LTD/extended medical leave.

The employee may continue to participate in the company's medical and dental insurance for as long as the employee is deemed to be totally disabled under the LTD plan, or up until the time that the employee retires. The employee must arrange to pay for his/her share of the premium for medical and dental insurance.

The employee must apply for a Waiver of Premium for his/her life insurance to continue life insurance coverage. This waiver will be subject to approval by the life insurance carrier.

Contributions to the employee's 401(k) plan will cease while the employee is on LTD.

The employee will not be eligible for the following benefits while on LTD: business travel accident insurance, tuition assistance, PC purchase program, and dependent care spending account.

Time spent on LTD will generally count towards benefits that are dependent upon length of service.

An employee on LTD/extended medical leave cannot apply for an additional unpaid leave of absence. If the employee does not return to work or retire when LTD benefits end, then the employee's status will be changed from LTD/extended medical leave to terminated.