



Settlement Announced in Unitil Electric Restructuring Proceeding - Lowest Rates Before, Lowest Rates After

September 4, 2002

Concord, NH (September 4, 2002) - Unitil Corporation (AMEX: UTL), the Governor's Office of Energy and Community Services for the Governor of New Hampshire, the Office of the Consumer Advocate, the Business and Industry Association of NH, and Representative Jeb Bradley today announced a Settlement Agreement resolving all outstanding issues in the current phase of Unitil's electric industry restructuring proceeding. The Agreement, filed yesterday for approval by the NH Public Utilities Commission, has also been signed by the Staff of the Commission and by New Hampshire Legal Assistance.

Unitil currently provides the lowest rates in New Hampshire, and will continue to provide the lowest rates in the state after restructuring.

Under the Settlement, Unitil will combine its NH distribution operations into a single company named Unitil Energy Systems, Inc. (UES), increase its distribution charges for the first time in almost 20 years, decrease its power supply related charges, and continue the process to restructure its power supply operations and implement Customer Choice by May 1, 2003. Unitil will recover fully the stranded costs that result from its power supply restructuring and will implement an anticipated net rate decrease of about 1% at the time of Customer Choice.

The Settlement is the culmination of months of discovery and discussion among the parties relative to the Company's original January 25, 2002, electric restructuring proposal. In May the parties announced agreement relative to the process for conducting the power supply restructuring process, a process the Commission approved on August 28 subject to certain modifications. The Parties are seeking Commission approval of the Settlement by October 28, 2002, in order to implement various rate changes effective December 1, 2002, and in order to complete the power supply restructuring process in time to implement Customer Choice on May 1, 2003.

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