



## Unitil Reports Third Quarter Earnings - Includes Extraordinary Item

November 1, 2001

**Hampton, NH** – November 1, 2001: Unitil Corporation (AMEX: UTL) ([www.unitil.com](http://www.unitil.com)) announced today that diluted operating earnings per share were \$0.28 for the third quarter, an increase of \$0.05 per share compared to the same three-month period last year. Operating earnings do not include an extraordinary non-cash charge that Unitil recorded in the third quarter of 2001 of (\$ 0.82) per share to recognize recent orders of the Massachusetts Department of Telecommunications and Energy (MDTE) relating to industry restructuring for Unitil's Massachusetts subsidiary Fitchburg Gas and Electric Light Company (FG&E).

During October 2001, the MDTE issued a series of regulatory orders in several long-pending cases involving FG&E. These orders completed the review and disposition of issues related to the Company's recovery of transition costs due to the restructuring of the electric industry in Massachusetts, which was mandated by the state legislature in November 1997. The orders determined the final treatment of regulatory assets that FG&E has sought to recover from its Massachusetts electric customers over a multi-year transition period that began in 1998. FG&E has now been authorized to recover approximately \$150 million of regulatory assets attributable to stranded generation assets, purchased power costs, and related expenses. As a result of the industry restructuring-related orders, FG&E recorded a non-cash adjustment to regulatory assets of \$5.3 million, which resulted in the recognition of an extraordinary charge of \$3.9 million after taxes.

"The regulatory orders reflect a significant turning point in our regulated business environment, and they finalize the treatment and recovery of our restructuring-related regulatory assets in Massachusetts," said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "With these matters resolved, the Company is in position to focus on providing reliable, cost-effective service to customers and delivering shareholder value through its future earnings growth and dividends."

Year-to-date, Unitil's earnings from operations, before the extraordinary item, were \$0.98 per share, a decrease of \$0.04 from the same period of 2000. This reflects an \$0.11 decrease in earnings from utility operations and a \$0.07 decrease in losses related to our Usource energy brokerage business. The reduction in earnings from utility operations primarily reflects higher system maintenance costs and the increased depreciation and amortization related to capital additions and regulatory assets. The reduction in Usource losses reflects the Company's refocused operating plan and increased brokerage sales in the Northeast.

Unitil's total electric kilowatt-hour (kWh) sales volume increased 3.5% in the third quarter and 1.5% on a year-to-date basis compared to the prior year. Residential sales increased 9.3% in the third quarter and 5.1% for the nine months ended September 30, a result of strong customer growth and hotter summer weather than the previous year. Commercial and industrial sales increased 0.4% in the third quarter while decreasing 0.5% for the nine-month period, reflecting continued strong commercial sales offset by a decrease in industrial sales. The decrease in industrial sales was due to the impact of a slowing economy and a major customer discontinuing operations at the end of the first quarter of 2000. Total firm therm gas sales decreased 11.4% and increased 4.3% for the three- and nine-month periods, respectively. The year-to-date increase reflects continued growth in our service territories and a colder winter heating season compared to the prior year.

Operating revenues increased 11.3% and 19.4% for the three- and nine-month periods of 2001, respectively, as compared to 2000. The increase in operating revenues primarily reflects higher wholesale electric and gas supply costs, which are collected from customers through periodic reconciling cost recovery mechanisms, as well as increased unit sales compared to the prior year.

Diluted earnings per average common share before the extraordinary item, for the 12 months ended September 30, 2001 and 2000 were \$1.43 and \$1.51, respectively. Diluted earnings per average common share after the extraordinary item were \$0.60 and \$1.51 for the same respective 12 month periods.

Unitil is a public utility holding company with subsidiaries providing electric service in New Hampshire and electric and gas service in Massachusetts and energy services throughout the Northeast. Its subsidiaries include Concord Electric Company, Exeter & Hampton Electric Company, Fitchburg Gas and Electric Light Company, Unitil Power Corp., Unitil Realty Corp., Unitil Service Corp. and its unregulated business segment Unitil Resources, Inc. Usource L.L.C. is a subsidiary of Unitil Resources, Inc. The Usource product line is available at [www.usourceonline.com](http://www.usourceonline.com)

This news release 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.

### Unitil Corporation

(Amounts In Thousands, except Shares and Per Share Data)

	Three Months Ended <u>September 30,</u>	
	<u>2001</u>	<u>2000</u>
Operating Revenues	\$49,484	\$44,464
Net income before Extraordinary Item	\$1,354	\$1,067

Extraordinary Item	<b>(\$3,937)</b>	---
Net Income Applicable to Common Stock	<b>(\$2,583)</b>	\$1,067

Net income before Extraordinary Item:

from Utility Operations	<b>\$0.31</b>	\$0.33
from Non-regulated Operations	<b>(\$0.03)</b>	(\$0.10)
Diluted Earnings Per Share before Extraordinary Item	<b>\$0.28</b>	\$0.23

Net income after Extraordinary Item:

from Utility Operations	<b>(\$0.51)</b>	\$0.33
from Non-regulated Operations	<b>(\$0.03)</b>	(\$0.10)
Diluted Earnings Per Share after Extraordinary Item	<b>(\$0.54)</b>	\$0.23

Average Common Shares Outstanding	<b>4,760,744</b>	4,740,111
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Nine Months Ended  
September 30,

	<u>2001</u>	<u>2000</u>
Operating Revenues	<b>\$159,593</b>	\$133,689

Net income before Extraordinary Item	<b>\$4,681</b>	\$4,825
Extraordinary Item	<b>(\$3,937)</b>	---
Net Income Applicable to Common Stock	<b>\$744</b>	\$4,825

Net income before Extraordinary Item:

from Utility Operations	<b>\$1.16</b>	\$1.27
from Non-regulated Operations	<b>(\$0.18)</b>	(\$0.25)
Diluted Earnings Per Share before Extraordinary Item	<b>\$0.98</b>	\$1.02

Net income after Extraordinary Item:

from Utility Operations	<b>\$0.34</b>	\$1.27
from Non-regulated Operations	<b>(\$0.18)</b>	(\$0.25)
Diluted Earnings Per Share after Extraordinary Item	<b>\$0.16</b>	\$1.02

Average Common Shares Outstanding Diluted	<b>4,759,556</b>	4,743,888
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Twelve Months Ended  
September 30,

	<u>2001</u>	<u>2000</u>
Operating Revenues	<b>\$208,845</b>	\$178,216

Net income before Extraordinary Item	<b>\$6,809</b>	\$7,145
Extraordinary Item	<b>(\$3,937)</b>	---
Net Income Applicable to Common Stock	<b>\$2,872</b>	\$7,145

Net income before Extraordinary Item:

from Utility Operations	<b>\$1.71</b>	\$1.80
from Non-regulated Operations	<b>(\$0.28)</b>	(\$0.29)
Diluted Earnings Per Share before Extraordinary Item	<b>\$1.43</b>	\$1.51

Net income after Extraordinary Item:

from Utility Operations	<b>\$0.88</b>	\$1.80
from Non-regulated Operations	<b>(\$0.28)</b>	(\$0.29)
Diluted Earnings Per Share after Extraordinary Item	<b>\$0.60</b>	\$1.51

Average Common Shares Outstanding Diluted	<b>4,752,662</b>	4,735,443
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