

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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 office)

03842-1720  
(Zip Code)

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

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange of which registered</u>
Common Stock, no par value	UTL	New York Stock Exchange

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 whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at May 3, 2024</u>
Common Stock, no par value	16,168,480 Shares

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES**  
**FORM 10-Q**  
**For the Quarter Ended March 31, 2024**

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## CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company’s future operations, are forward-looking statements.

These statements include declarations regarding the Company’s beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Part II, Item 1A (Risk Factors) and the following:

- numerous hazards and operating risks relating to the Company’s electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- fluctuations in the supply of, demand for, and the prices of, electric and gas energy commodities and transmission and transportation capacity and the Company’s ability to recover energy supply costs in its rates;
- catastrophic events;
- cyber-attacks, acts of terrorism, acts of war, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other factors could disrupt the Company’s operations and cause the Company to incur unanticipated losses and expense;
- outsourcing of services to third parties could expose the Company to substandard quality of service delivery or substandard deliverables, which may result in missed deadlines or other timeliness issues, non-compliance (including with applicable legal requirements and industry standards) or reputational harm, which could negatively affect our results of operations;
- unforeseen or changing circumstances, which could adversely affect the reduction of Company-wide direct greenhouse gas emissions;
- the Company’s regulatory and legislative environment (including laws and regulations relating to climate change, greenhouse gas emissions and other environmental matters) could affect the rates the Company is able to charge, the Company’s authorized rate of return, the Company’s ability to recover costs in its rates, the Company’s financial condition, results of operations and cash flows, and the scope of the Company’s regulated activities;
- general economic conditions, which could adversely affect (i) the Company’s customers and, consequently, the demand for the Company’s distribution services, (ii) the availability of credit and liquidity resources, and (iii) certain of the Company’s counterparty’s obligations (including those of its insurers and lenders);
- the Company’s ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company’s interest expense;
- declines in capital market valuations, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company’s ability to recover pension obligation costs in its rates;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- variations in weather, which could decrease demand for the Company’s distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company’s electric and natural gas distribution services;
- Employee workforce factors, including the ability to attract and retain key personnel;

- the Company’s ability to retain its existing customers and attract new customers;
- increased competition; and
- other presently unknown or unforeseen factors.

Many of these risks are beyond the Company’s control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events, except as required by law. New factors emerge from time to time, and it is not possible for the Company to predict all such factors, nor can the Company assess the effect of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

## **PART I. FINANCIAL INFORMATION**

### ***Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations***

See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Unitil Corporation’s 2023 Annual Report on Form 10-K for additional information.

## **OVERVIEW**

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil’s principal business is the local distribution of electricity and gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

- i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord;
- ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and gas service in the greater Fitchburg area of north central Massachusetts; and
- iii) Northern Utilities, Inc. (Northern Utilities), which provides gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the “distribution utilities.” Together, the distribution utilities serve approximately 108,500 electric customers and 88,400 gas customers.

In addition, Unitil is the parent company of Granite State Gas Transmission, Inc. (Granite State), an interstate gas transmission pipeline company, operating 85 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major gas pipelines and access to domestic gas supplies in the south and Canadian gas supplies in the north.

Unitil had an investment in Net Utility Plant of \$1,429.8 million at March 31, 2024. Earnings from Unitil’s utility operations are derived primarily from the return on investment in the utility assets of the three distribution utilities and Granite State. Unitil’s total operating revenue includes revenue to recover the approved cost of purchased electricity and gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company’s earnings are not directly affected by changes in the cost of purchased electricity and gas.

Unitil Resources is the Company’s wholly-owned, non-regulated subsidiary. The Company’s other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil’s affiliated companies; Unitil Realty Corp., which owns and manages Unitil’s corporate office building and property located in Hampton, New Hampshire and owns land for future use in Kingston, New Hampshire; and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil’s consolidated net income includes the earnings of the holding company and these subsidiaries.

## **RATES AND REGULATION**

### **Regulation**

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and the Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate gas transmission pipeline, is subject to regulation by FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or gas to all customers in their service territory, at rates established under cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on historical test years, and earn a return on their capital investment in utility assets. The Company's distribution utilities and its gas transmission pipeline company also may recover certain base rate costs, including capital project spending and enhanced reliability and vegetation management programs, through annual step adjustments or cost tracking rate mechanisms.

Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or gas sales. The difference between distribution revenue amounts billed to customers and the targeted revenue decoupling amounts is recognized as an increase or a decrease in Accrued Revenue, which forms the basis for resetting rates for future cash recoveries from, or credits to, customers. These revenue decoupling targets may be adjusted as a result of rate cases and other authorized adjustments that the Company files with the MDPU and NHPUC. Fitchburg has been subject to revenue decoupling since 2011. Unitil Energy has been subject to revenue decoupling since June 1, 2022. As a result of Unitil Energy now being subject to revenue decoupling, as of June 1, 2022, revenue decoupling now applies to substantially all of Unitil's total annual electric sales volumes. Substantially all of Northern Utilities' gas sales volumes in New Hampshire have been subject to decoupling since August 1, 2022. The Company's electric and gas sales in New Hampshire and Massachusetts are now largely decoupled.

## **RESULTS OF OPERATIONS**

The following section of MD&A compares the results of operations for each of the two fiscal periods ended March 31, 2024 and March 31, 2023 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report, which are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Company's results of operations historically have reflected the seasonal nature of the gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the results of operations. Sales of electricity are generally less sensitive to weather than gas sales, but also may be affected by the weather conditions in both the winter and summer seasons.

The Company analyzes operating results using Electric and Gas Adjusted Gross Margins, which are non-GAAP financial measures. Electric Adjusted Gross Margin is calculated as Total Electric Operating Revenue less Cost of Electric Sales. Gas Adjusted Gross Margin is calculated as Total Gas Operating Revenues less Cost of Gas Sales. The Company's management believes Electric and Gas Adjusted Gross Margins provide useful information to investors regarding profitability. Also, the Company's management believes Electric and Gas Adjusted Gross Margins are important financial measures to analyze revenue from the Company's ongoing operations because the approved cost of electric and gas sales are tracked, reconciled and passed through directly to customers in electric and gas tariff rates, resulting in an equal and offsetting amount reflected in Total Electric and Gas Operating Revenue.

In the following tables the Company has reconciled Electric and Gas Adjusted Gross Margin to GAAP Gross Margin, which we believe to be the most comparable GAAP financial measure. GAAP Gross Margin is calculated as Revenue less Cost of Sales, and Depreciation and Amortization. The Company calculates Electric and Gas Adjusted Gross Margin as Revenue less Cost of Sales. The Company believes excluding Depreciation and Amortization, which are period costs and not related to volumetric sales, is a meaningful measure to inform investors of the Company's profitability from electric and gas sales in the period.

**Three Months Ended March 31, 2024 (millions)**

	Electric	Gas	Other	Total
Total Operating Revenue	\$ 73.6	\$ 105.1	\$ —	\$ 178.7
Less: Cost of Sales	(46.5)	(44.1)	—	(90.6)
Less: Depreciation and Amortization	(7.0)	(10.8)	(0.2)	(18.0)
GAAP Gross Margin	20.1	50.2	(0.2)	70.1
Depreciation and Amortization	7.0	10.8	0.2	18.0
Adjusted Gross Margin	\$ 27.1	\$ 61.0	\$ —	\$ 88.1

**Three Months Ended March 31, 2023 (millions)**

	Electric	Gas	Other	Total
Total Operating Revenue	\$ 108.2	\$ 112.0	\$ —	\$ 220.2
Less: Cost of Sales	(81.5)	(57.1)	—	(138.6)
Less: Depreciation and Amortization	(6.4)	(10.1)	(0.2)	(16.7)
GAAP Gross Margin	20.3	44.8	(0.2)	64.9
Depreciation and Amortization	6.4	10.1	0.2	16.7
Adjusted Gross Margin	\$ 26.7	\$ 54.9	\$ —	\$ 81.6

Electric GAAP Gross Margin was \$20.1 million in the three months ended March 31, 2024, a decrease of \$0.2 million compared to the same period in 2023. The decrease was driven by higher depreciation and amortization expense of \$0.6 million, partially offset by higher rates and customer growth of \$0.4 million.

Gas GAAP Gross Margin was \$50.2 million in the three months ended March 31, 2024, an increase of \$5.4 million compared to the same period in 2023. The increase was driven by higher rates and customer growth of \$6.5 million, partially offset by the unfavorable effects of warmer winter weather in 2024 of \$0.4 million and higher depreciation and amortization of \$0.7 million.

**Earnings Overview**

The Company's Net Income was \$27.2 million, or \$1.69 in Earnings Per Share (EPS) for the first quarter of 2024, an increase of \$3.1 million in Net Income, or \$0.18 in EPS, compared to the first quarter of 2023.

Electric Adjusted Gross Margin (a non-GAAP financial measure) was \$27.1 million in the first quarter of 2024, an increase of \$0.4 million compared to the same period in 2023. This increase reflects higher rates and customer growth.

Gas Adjusted Gross Margin (a non-GAAP financial measure) was \$61.0 million in the first quarter of 2024, an increase of \$6.1 million compared to the same period in 2023, driven by higher rates and customer growth of \$6.5 million, partially offset by the unfavorable effects of warmer winter weather in 2024 of \$0.4 million.

Operation and Maintenance (O&M) expenses increased \$0.1 million in the three months ended March 31, 2024, compared to the same period in 2023. The increase reflects higher utility operating costs.

Depreciation and Amortization expense increased \$1.3 million in the three months ended March 31, 2024, compared to the same period in 2023, reflecting additional depreciation associated with higher levels of utility plant in service and higher amortization of storm costs and other deferred costs.

Taxes Other Than Income Taxes increased \$0.4 million in the three months ended March 31, 2024, compared to the same period in 2023, reflecting higher local property taxes on higher utility plant in service and higher payroll taxes.

Interest Expense, Net increased \$0.2 million in the three months ended March 31, 2024, compared to the same period in 2023, primarily reflecting higher interest expense on short-term borrowings and higher levels of long-term debt, partially offset by higher interest income on regulatory assets and other.

Other Expense (Income), Net increased \$0.3 million in the three months ended March 31, 2024, compared to the same period in 2023, reflecting higher retirement benefit costs.

Federal and State Income Taxes for the three months ended March 31, 2024 increased \$1.1 million compared with the same period in 2023, reflecting higher pre-tax earnings in 2024.

At its January 2024 and May 2024 meetings, the Unital Corporation Board of Directors declared quarterly dividends on the Company's common stock of \$0.425 per share. These quarterly dividends result in a current effective annualized dividend rate of \$1.70 per share, representing an unbroken record of quarterly dividend payments since trading began in Unital's common stock.

### Electric Revenues, Adjusted Gross Margin and Sales

**Electric Operating Revenues and Electric Adjusted Gross Margin** - The following table details Total Electric Operating Revenues and Electric Adjusted Gross Margin for the three months ended March 31, 2024 and 2023:

#### Electric Operating Revenues and Electric Adjusted Gross Margin (millions)

	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Electric Operating Revenue:				
Residential	\$ 43.5	\$ 68.6	\$ (25.1)	(36.6)%
Commercial / Industrial	30.1	39.6	(9.5)	(24.0)%
Total Electric Operating Revenue	73.6	108.2	(34.6)	(32.0)%
Cost of Electric Sales	46.5	81.5	(35.0)	(42.9)%
Electric Adjusted Gross Margin	\$ 27.1	\$ 26.7	\$ 0.4	1.5%

Electric Adjusted Gross Margin (a non-GAAP financial measure) was \$27.1 million for the three months ended March 31, 2024, an increase of \$0.4 million, compared with the same period in 2023. This increase reflects higher rates and customer growth.

Total Electric Operating Revenue decreased \$34.6 million, or 32.0%, in the three months ended March 31, 2024, compared to the same period in 2023, reflecting lower costs of electric sales, which are tracked and reconciled to costs that are passed through directly to customers, partially offset by higher electric distribution rates.

**Kilowatt-hour Sales** - Unital's total electric kWh sales were essentially unchanged in the three month period ended March 31, 2024, compared to the same period in 2023. Sales to Residential decreased 0.8% and sales to Commercial and Industrial (C&I) customers increased 0.7% in the three month period ended March 31, 2024, compared to the same period in 2023. As of March 31, 2024, the number of electric customers increased by approximately 500 over the previous year. Sales margins derived from decoupled unit sales are not sensitive to changes in electric kWh sales. Substantially all of the Company's electric kWh sales volumes are decoupled.

The following table details total kWh sales for the three months ended March 31, 2024 and 2023 by major customer class:

#### kWh Sales (millions)

	Three Months Ended March 31,			
	2024	2023	Change	% Change
Residential	179.9	181.3	(1.4)	(0.8)%
Commercial / Industrial	230.0	228.5	1.5	0.7%
Total	409.9	409.8	0.1	—

### Gas Revenues, Adjusted Gross Margin and Sales

**Gas Operating Revenues and Adjusted Gross Margin** - The following table details Total Gas Operating Revenues and Gas Adjusted Gross Margin for the three months ended March 31, 2024 and 2023:

#### Gas Operating Revenues and Gas Adjusted Gross Margin (millions)

	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Gas Operating Revenue:				
Residential	\$ 44.8	\$ 46.5	\$ (1.7)	(3.7)%
Commercial / Industrial	60.3	65.5	(5.2)	(7.9)%
Total Gas Operating Revenue	105.1	112.0	(6.9)	(6.2)%
Cost of Gas Sales	44.1	57.1	(13.0)	(22.8)%
Gas Adjusted Gross Margin	\$ 61.0	\$ 54.9	\$ 6.1	11.1%

Gas Adjusted Gross Margin (a non-GAAP financial measure) was \$61.0 million for the three months ended March 31, 2024, an increase of \$6.1 million compared to the same period in 2023, driven by higher rates and customer growth of \$6.5 million, partially offset by the unfavorable effects of warmer winter weather in 2024 of \$0.4 million.

The decrease in Total Gas Operating Revenue of \$6.9 million, or 6.2%, in the three months ended March 31, 2024, compared to the same period in 2023, reflects lower costs of gas sales, which are tracked and reconciled costs that are passed through directly to customers, and lower gas therm sales, partially offset by higher gas distribution rates.

**Therm Sales** - Unutil's total gas therm sales decreased 1.8% in the three month period ended March 31, 2024, compared to the same period in 2023. In the first quarter of 2024, sales to Residential and C&I customers decreased 3.2% and 1.3%, respectively, compared to the same period in 2023, reflecting warmer winter weather in 2024 compared to 2023, partially offset by customer growth. Based on weather data collected in the Company's gas service areas, on average there were 0.6% fewer EDD in the first quarter of 2024 compared to the same period in 2023. The Company estimates weather-normalized gas therm sales for Northern Utilities' Maine division, the Company's only non-decoupled gas service area, increased 0.3% in the first three months of 2024 compared to the same period in 2023. As of March 31, 2024, the number of gas customers increased by approximately 1,100 over the previous year. Sales margins derived from decoupled unit sales (currently representing approximately 42% of total annual therm sales volume) are not sensitive to changes in gas therm sales, although those sales margins are sensitive to changes in the number of customers served.

The following table details total firm therm sales for the three months ended March 31, 2024 and 2023 by major customer class:

Therm Sales (millions)	Three Months Ended March 31,			
	2024	2023	Change	% Change
Residential	21.2	21.9	(0.7)	(3.2)%
Commercial / Industrial	68.5	69.4	(0.9)	(1.3)%
Total	89.7	91.3	(1.6)	(1.8)%

### Operating Expenses

**Cost of Electric Sales** - Cost of Electric Sales includes the cost of electric supply and spending on energy efficiency programs. Cost of Electric Sales decreased \$35.0 million, or 42.9%, in the three months ended March 31, 2024, compared to the same period in 2023. This decrease reflects lower wholesale electricity prices. Because the Company reconciles and recovers the approved Cost of Electric Sales in its rates at cost on a pass-through basis, changes in approved expenses do not affect earnings.

**Cost of Gas Sales** - Cost of Gas Sales includes the cost to supply the Company's total gas requirements and spending on energy efficiency programs. Cost of Gas Sales decreased \$13.0 million, or 22.8%, in the three months ended March 31, 2024, compared to the same period in 2023. This decrease reflects lower wholesale gas commodity prices and lower gas therm sales. Because the Company reconciles and recovers the approved Cost of Gas Sales in its rates at cost on a pass-through basis, changes in approved expenses do not affect earnings.

**Operation and Maintenance (O&M)** - O&M expense includes electric and gas utility operating costs, and the operating cost of the Company's corporate and other business activities. O&M expense increased \$0.1 million, or 0.6%, in the three months ended March 31, 2024, compared to the same period in 2023. The increase reflects higher utility operating costs.

**Depreciation and Amortization** - Depreciation and Amortization expense increased \$1.3 million, or 7.8%, in the three months ended March 31, 2024, compared to the same period in 2023, reflecting additional depreciation associated with higher levels of utility plant in service and higher amortization of storm costs and other deferred costs.

**Taxes Other Than Income Taxes** - Taxes Other Than Income Taxes increased \$0.4 million, or 5.5%, in the three months ended March 31, 2024, compared to the same period in 2023, reflecting higher local property taxes on higher utility plant in service and higher payroll taxes.

**Other Expense (Income), Net** - Other Expense (Income), Net increased \$0.3 million in the three months ended March 31, 2024, compared to the same period in 2023, reflecting higher retirement benefit costs.

**Provision for Income Taxes** - Federal and State Income Taxes for the three months ended March 31, 2024 increased \$1.1 million compared with the same period in 2023, reflecting higher pre-tax earnings in 2024.



**Interest Expense, Net** - Interest expense is presented in the Consolidated Financial Statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets and regulatory liabilities on which interest is accrued.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass-through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this tracking and reconciling process will produce either an under-collected or an over-collected position. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

Interest Expense, Net (millions)	Three Months Ended March 31,		
	2024	2023	Change
<b>Interest Expense</b>			
Long-term Debt	\$ 6.3	\$ 6.0	\$ 0.3
Short-term Debt	2.8	2.1	0.7
Regulatory Liabilities	0.2	0.1	0.1
Subtotal Interest Expense	9.3	8.2	1.1
<b>Interest (Income)</b>			
Regulatory Assets	(0.9)	(0.7)	(0.2)
AFUDC <sup>(1)</sup> and Other	(1.1)	(0.4)	(0.7)
Subtotal Interest (Income)	(2.0)	(1.1)	(0.9)
<b>Total Interest Expense, Net</b>	<u>\$ 7.3</u>	<u>\$ 7.1</u>	<u>\$ 0.2</u>

<sup>(1)</sup> AFUDC – Allowance for Funds Used During Construction.

Interest Expense, Net increased \$0.2 million in the three months ended March 31, 2024, compared to the same period in 2023, primarily reflecting higher interest expense on short-term borrowings and higher levels of long-term debt, partially offset by higher interest income on regulatory assets and other.

## CAPITAL REQUIREMENTS

### Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through short-term bank borrowings, as needed, under its unsecured revolving Credit Facility. Periodically, the Company replaces portions of its short-term debt with long-term debt financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time the Company accesses the public capital markets through public offerings of equity securities. The Company's utility operations have a seasonal component and therefore are subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving Credit Facility (as defined below). At March 31, 2024, March 31, 2023 and December 31, 2023, the Company and all of its subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

On September 29, 2022, the Company entered into a Third Amended and Restated Credit Agreement with a syndicate of lenders (collectively, the "Credit Facility"), which amended and restated in its entirety the prior credit facility. Unitil may borrow under the Credit Facility until September 29, 2027, subject to two one-year extensions under certain circumstances. The Credit Facility terminates and all amounts outstanding thereunder are due and payable on September 29, 2027, subject to the potential extension discussed in the prior sentence.

The Credit Facility has a borrowing limit of \$200 million, which includes a \$25 million sublimit for the issuance of standby letters of credit. Unitil may increase the borrowing limit under the Credit Facility by up to \$75 million under certain circumstances. The Credit Facility generally provides Unitil with the ability to elect that borrowings under the Credit Facility bear interest under several options, including a daily fluctuating rate equal to (a) the forward-looking secured overnight financing rate (as administered by the Federal Reserve Bank of New York) term rate with a term equivalent to one month beginning on that date, plus (b) 0.1000%, plus (c) a margin of 1.125% to 1.375% (based on Unitil’s credit rating).

The Company utilizes the Credit Facility for cash management purposes related to its short-term operating activities. Total gross borrowings were \$85.9 million for the three months ended March 31, 2024. Total gross repayments were \$78.0 million for the three months ended March 31, 2024. The following table details the borrowing limits, amounts outstanding and amounts available under the Credit Facility as of March 31, 2024, March 31, 2023 and December 31, 2023:

	Revolving Credit Facility (\$ millions)		
	March 31,		December 31,
	2024	2023	2023
Limit	\$ 200.0	\$ 200.0	\$ 200.0
Short-Term Borrowings Outstanding	169.9	140.2	162.0
Available	\$ 30.1	\$ 59.8	\$ 38.0

The Credit Facility contains customary terms and conditions for credit facilities of this type, including affirmative and negative covenants. There are restrictions on, among other things, Unitil’s and its subsidiaries’ ability to incur liens or incur indebtedness, and restrictions on Unitil’s ability to merge or consolidate with another entity or change its line of business. The affirmative and negative covenants under the Credit Facility shall apply to Unitil until the Credit Facility terminates and all amounts borrowed under Credit Facility are paid in full (or, with respect to letters of credit, they are cash-collateralized). The only financial covenant in the Credit Facility provides that Unitil’s Funded Debt to Capitalization (as each term is defined in the Credit Facility) cannot exceed 65% tested on a quarterly basis. At March 31, 2024, March 30, 2023 and December 31, 2023, the Company was in compliance with the covenants contained in the Credit Facility in effect on those dates.

On July 6, 2023, Fitchburg issued \$12.0 million of Notes due July 2, 2033 at 5.70% and \$13.0 million of Notes due July 2, 2053 at 5.96%. Fitchburg used the net proceeds from these offerings to refinance existing debt and for general corporate purposes. Approximately \$0.2 million of costs associated with this issuance were recorded as a reduction of Long-Term Debt for presentation purposes on the Consolidated Balance Sheet in the third quarter of 2023.

Unitil Corporation and its utility subsidiaries, Fitchburg, Unitil Energy, Northern Utilities, and Granite State currently are rated “BBB+” by Standard & Poor’s Ratings Services. Unitil Corporation and Granite State currently are rated “Baa2”, and Fitchburg, Unitil Energy and Northern Utilities are currently rated “Baa1” by Moody’s Investors Services.

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

The Company provides limited guarantees on certain energy and gas storage management contracts entered into by the distribution utilities. The Company’s policy is to limit the duration of these guarantees. As of March 31, 2024, there were no guarantees outstanding.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain gas pipeline and storage assets, sells to an asset manager and subsequently repurchases the gas over the course of the gas heating season at the same price at which it sold the gas to the asset manager. There was \$3.3 million of natural gas storage inventory and corresponding obligations at March 31, 2024 related to these asset management agreements. The amount of natural gas inventory released in March 2024, which was payable in April 2024, was \$1.4 million and was recorded in Accounts Payable at March 31, 2024.

#### Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil Corporation’s subsidiaries conduct a portion of their operations in leased facilities, and lease some of their vehicles, machinery

and office equipment under both capital and operating lease arrangements. See Note 4 (Debt and Financing Arrangements) to the accompanying Consolidated Financial Statements.

## CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. In making those estimates and assumptions, the Company sometimes is required to make difficult, subjective and/or complex judgments about the effect of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. As of March 31, 2024, the Company's critical accounting policies and estimates had not changed significantly from December 31, 2023. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" in the Company's 2023 Annual Report on Form 10-K for additional information.

## EMPLOYEES

As of March 31, 2024, the Company and its subsidiaries had 533 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

The Company strives to be the employer of choice in the communities it serves—regardless of race, religion, color, gender, or sexual orientation. The Company works diligently to attract the best talent from a diverse range of sources to meet the current and future demands of our business.

To attract and retain a talented workforce, Unitil provides employee wages that are competitive and consistent with employee positions, skill levels, experience, knowledge and geographic location. All employees are eligible for health insurance, paid and unpaid leave, educational assistance, retirement plan and life and disability/accident coverage. Feedback from employees is collected annually in the Company's Employee Opinion survey. This feedback helps create action plans to improve the engagement of employees consistent with the Company's culture of continuous improvement.

As of March 31, 2024, a total of 178 employees of certain of the Company's subsidiaries were represented by labor unions. The following table details by subsidiary the employees covered by a collective bargaining agreement (CBA) as of March 31, 2024:

	<u>Employees Covered</u>	<u>CBA Expiration</u>
Fitchburg	46	05/31/2027
Northern Utilities NH Division	35	06/07/2025
Northern Utilities ME Division	40	03/31/2026
Granite State	5	03/31/2026
Unitil Energy	43	05/31/2028
Unitil Service – Gas Control	5	03/31/2026
Unitil Service	4	05/31/2028

The CBAs provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

## **INTEREST RATE RISK**

Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of debt outstanding represents long-term notes or bonds bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was \$25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately \$250,000. The average interest rates on the Company's short-term borrowings and intercompany money pool transactions for the three months ended March 31, 2024 and March 31, 2023 were 6.7% and 5.9%, respectively. The average interest rate on the Company's short-term borrowings for the twelve months ended December 31, 2023 was 6.4%.

## **COMMODITY PRICE RISK**

Although Unitil's three distribution utilities are subject to commodity price variations as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. As discussed in Note 6 (Regulatory Matters), the Company has divested its long-term power supply contracts and therefore, further reduced its exposure to commodity risk.

## **REGULATORY MATTERS**

**Please refer to Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.**

## **ENVIRONMENTAL MATTERS**

**Please refer to Note 7 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.**

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(Millions except per share data)  
(UNAUDITED)

	Three Months Ended March 31,	
	2024	2023
<b>Operating Revenues</b>		
Electric	\$ 73.6	\$ 108.2
Gas	105.1	112.0
Total Operating Revenues	178.7	220.2
<b>Operating Expenses</b>		
Cost of Electric Sales	46.5	81.5
Cost of Gas Sales	44.1	57.1
Operation and Maintenance	18.2	18.1
Depreciation and Amortization	18.0	16.7
Taxes Other Than Income Taxes	7.7	7.3
Total Operating Expenses	134.5	180.7
<b>Operating Income</b>	44.2	39.5
Interest Expense, Net	7.3	7.1
Other Expense (Income), Net	0.3	—
<b>Income Before Income Taxes</b>	36.6	32.4
Provision for Income Taxes	9.4	8.3
<b>Net Income Applicable to Common Shares</b>	\$ 27.2	\$ 24.1
Earnings Per Common Share – Basic and Diluted	\$ 1.69	\$ 1.51
Weighted Average Common Shares Outstanding – Basic and Diluted	16.1	16.0

*(The accompanying notes are an integral part of these consolidated unaudited financial statements.)*

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEETS**  
*(Millions)*  
(UNAUDITED)

	March 31,		December 31,
	2024	2023	2023
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 6.3	\$ 6.8	\$ 6.5
Accounts Receivable, Net	83.9	92.2	75.0
Accrued Revenue	72.2	71.6	63.4
Exchange Gas Receivable	2.2	4.7	9.4
Gas Inventory	0.3	0.8	1.0
Materials and Supplies	14.0	12.4	13.5
Prepayments and Other	10.5	9.4	8.3
Total Current Assets	<u>189.4</u>	<u>197.9</u>	<u>177.1</u>
<b>Utility Plant:</b>			
Electric	659.8	629.9	654.9
Gas	1,129.6	1,055.0	1,117.6
Common	64.9	68.9	70.0
Construction Work in Progress	68.5	53.8	65.3
Utility Plant	<u>1,922.8</u>	<u>1,807.6</u>	<u>1,907.8</u>
Less: Accumulated Depreciation	<u>493.0</u>	<u>466.3</u>	<u>486.9</u>
Net Utility Plant	<u>1,429.8</u>	<u>1,341.3</u>	<u>1,420.9</u>
<b>Other Noncurrent Assets:</b>			
Regulatory Assets	52.1	51.6	53.1
Operating Lease Right of Use Assets	5.6	5.7	5.6
Other Assets	21.0	18.2	13.7
Total Other Noncurrent Assets	<u>78.7</u>	<u>75.5</u>	<u>72.4</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,697.9</u>	<u>\$ 1,614.7</u>	<u>\$ 1,670.4</u>

*(The accompanying notes are an integral part of these consolidated unaudited financial statements.)*

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEETS (Cont.)**  
*(Millions, except number of shares)*  
(UNAUDITED)

	March 31,		December 31,
	2024	2023	2023
<b>LIABILITIES AND CAPITALIZATION:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 37.9	\$ 46.3	\$ 47.7
Short-Term Debt	169.9	140.2	162.0
Long-Term Debt, Current Portion	4.9	6.7	4.9
Regulatory Liabilities	17.9	17.0	13.5
Energy Supply Obligations	7.0	10.6	15.0
Interest Payable	7.2	6.1	6.0
Environmental Obligations	0.7	0.6	0.6
Taxes Payable	8.9	1.2	1.9
Other Current Liabilities	22.2	24.8	25.7
Total Current Liabilities	<u>276.6</u>	<u>253.5</u>	<u>277.3</u>
<b>Noncurrent Liabilities:</b>			
Retirement Benefit Obligations	46.0	46.8	45.6
Deferred Income Taxes, net	179.1	171.1	176.1
Cost of Removal Obligations	130.6	120.0	126.3
Regulatory Liabilities	34.0	36.2	34.4
Environmental Obligations	4.1	4.1	4.0
Other Noncurrent Liabilities	8.8	8.6	8.3
Total Noncurrent Liabilities	<u>402.6</u>	<u>386.8</u>	<u>394.7</u>
<b>Capitalization:</b>			
Long-Term Debt, Less Current Portion	507.9	488.0	509.1
<b>Stockholders' Equity:</b>			
Common Equity (Authorized: 25,000,000 and Outstanding: 16,167,887, 16,086,230 and 16,116,724 Shares)	338.7	336.1	337.6
Retained Earnings	171.9	150.1	151.5
Total Common Stock Equity	<u>510.6</u>	<u>486.2</u>	<u>489.1</u>
Preferred Stock	0.2	0.2	0.2
Total Stockholders' Equity	<u>510.8</u>	<u>486.4</u>	<u>489.3</u>
Total Capitalization	<u>1,018.7</u>	<u>974.4</u>	<u>998.4</u>
Commitments and Contingencies (Notes 6 & 7)			
<b>TOTAL LIABILITIES AND CAPITALIZATION</b>	<u>\$ 1,697.9</u>	<u>\$ 1,614.7</u>	<u>\$ 1,670.4</u>

*(The accompanying notes are an integral part of these consolidated unaudited financial statements.)*

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Millions) (UNAUDITED)*

	For the Three Months Ended March 31,	
	2024	2023
<b>Operating Activities:</b>		
Net Income	\$ 27.2	\$ 24.1
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	18.0	16.7
Deferred Tax Provision	2.4	7.2
Changes in Working Capital Items:		
Accounts Receivable	(8.9)	(18.4)
Accrued Revenue	(8.8)	1.2
Exchange Gas Receivable	7.2	13.3
Regulatory Liabilities	4.4	2.0
Accounts Payable	(9.8)	(22.3)
Other Changes in Working Capital Items	1.6	0.1
Deferred Regulatory and Other Charges	(9.0)	(10.9)
Other, net	2.3	2.3
Cash Provided by Operating Activities	<u>26.6</u>	<u>15.3</u>
<b>Investing Activities:</b>		
Property, Plant and Equipment Additions	(20.2)	(22.2)
Cash Used in Investing Activities	<u>(20.2)</u>	<u>(22.2)</u>
<b>Financing Activities:</b>		
Proceeds from Short-Term Debt, net	7.9	24.2
Repayment of Long-Term Debt	(1.3)	(1.2)
Net Decrease in Exchange Gas Financing	(6.7)	(12.3)
Increase in Capital Lease Obligations	—	0.2
Dividends Paid	(6.8)	(6.5)
Proceeds from Issuance of Common Stock	0.3	0.3
Cash (Used In) Provided by Financing Activities	<u>(6.6)</u>	<u>4.7</u>
Net Decrease in Cash and Cash Equivalents	(0.2)	(2.2)
Cash and Cash Equivalents at Beginning of Period	6.5	9.0
Cash and Cash Equivalents at End of Period	<u>\$ 6.3</u>	<u>\$ 6.8</u>
<b>Supplemental Cash Flow Information:</b>		
Interest Paid	\$ 7.0	\$ 6.7
Income Taxes Paid	\$ —	\$ —
Payments on Capital Leases	\$ —	\$ 0.1
Non-cash Investing Activity:		
Capital Expenditures Included in Accounts Payable	\$ 5.3	\$ 5.6
Right-of-Use Assets Obtained in Exchange for Lease Obligations	\$ 0.5	\$ 1.4

*(The accompanying notes are an integral part of these consolidated unaudited financial statements.)*



**UNITIL CORPORATION AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY**  
*(Millions, except number of shares)*  
(UNAUDITED)

	Common Equity	Retained Earnings	Total
<b>Three Months Ended March 31, 2024</b>			
<b>Balance at January 1, 2024</b>	\$ 337.6	\$ 151.5	\$ 489.1
Net Income		27.2	27.2
Dividends (\$0.425 per Common Share)		(6.8)	(6.8)
Stock Compensation Plans	0.8		0.8
Issuance of 5,803 Common Shares	0.3		0.3
<b>Balance at March 31, 2024</b>	<b>\$ 338.7</b>	<b>\$ 171.9</b>	<b>\$ 510.6</b>
<b>Three Months Ended March 31, 2023</b>			
<b>Balance at January 1, 2023</b>	\$ 334.9	\$ 132.5	\$ 467.4
Net Income		24.1	24.1
Dividends (\$0.405 per Common Share)		(6.5)	(6.5)
Stock Compensation Plans	0.9		0.9
Issuance of 5,335 Common Shares	0.3		0.3
<b>Balance at March 31, 2023</b>	<b>\$ 336.1</b>	<b>\$ 150.1</b>	<b>\$ 486.2</b>

*(The accompanying notes are an integral part of these consolidated unaudited financial statements.)*

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(UNAUDITED)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations** - Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources).

The Company's earnings historically have been seasonal and typically higher in the first and fourth quarters when customers use gas for heating purposes.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, including Unitil Energy, which operates in New Hampshire; Fitchburg, which operates in Massachusetts; and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate gas transmission pipeline company, operating 85 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major gas pipelines and access to domestic gas supplies in the south and Canadian gas supplies in the north. Granite State derives its revenues principally from transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy, but ceased being the wholesale supplier of Unitil Energy with the implementation of industry restructuring and divested its long-term power supply contracts.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Resources and Unitil Realty. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Resources is the Company's wholly-owned non-regulated subsidiary, which currently does not have any activity. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Realty also owns land for future use in Kingston, New Hampshire.

**Basis of Presentation** - The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of results to be expected for the year ending December 31, 2024. For additional information, refer to Note 1 of Part II to the Consolidated Financial Statements - "Summary of Significant Accounting Policies" of the Company's Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (SEC) on February 13, 2024, for a description of the Company's Basis of Presentation.

**Utility Revenue Recognition** - Electric Operating Revenues and Gas Operating Revenues consist of billed and unbilled revenue and revenue from rate adjustment mechanisms. Billed and unbilled revenue includes delivery revenue and pass-through revenue, recognized according to tariffs approved by federal and state regulatory commissions, which determine the amount of revenue the Company will record for these items. Revenue from rate adjustment mechanisms is accrued revenue, recognized in connection with rate adjustment mechanisms, and authorized by regulators for recognition in the current period for future cash recoveries from, or credits to, customers.

Revenue is recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenues are calculated. These unbilled revenues are estimated each month based on estimated customer usage by class and applicable customer rates, taking into account current and historical weather data, assumptions pertaining to metering patterns, billing cycle statistics, and other estimates and assumptions, and are then reversed in the following month when billed to customers.

A majority of the Company's revenue from contracts with customers continues to be recognized on a monthly basis based on applicable tariffs and customer monthly consumption. Such revenue is recognized using the invoice practical expedient, which allows an entity to recognize revenue in the amount that directly corresponds to the value transferred to the customer.

The Company's billed and unbilled revenue meets the definition of "revenues from contracts with customers" as defined in Accounting Standards Codification (ASC) 606. Revenue recognized in connection with rate adjustment mechanisms is consistent with the definition of alternative revenue programs in ASC 980-605-25-3, as the Company has the ability to adjust rates in the future as a result of past activities or completed events. The rate adjustment mechanisms meet the criteria within ASC 980-605-25-4. In cases where allowable costs are greater than operating revenues billed in the current period for the individual rate adjustment mechanism, additional operating revenue is recognized. In cases where allowable costs are less than operating revenues billed in the current period for the individual rate adjustment mechanism, operating revenue is reduced. ASC 606 requires the Company to disclose separately the amount of revenues from contracts with customers and alternative revenue program revenues.

In the following tables, revenue is classified by the types of goods/services rendered and market/customer type.

Electric and Gas Operating Revenues (millions):	Three Months Ended March 31, 2024		
	Electric	Gas	Total
<b>Billed and Unbilled Revenue:</b>			
Residential	\$ 40.5	\$ 41.1	\$ 81.6
Commercial and Industrial	28.1	55.2	83.3
Other	2.4	4.1	6.5
<b>Total Billed and Unbilled Revenue</b>	<b>71.0</b>	<b>100.4</b>	<b>171.4</b>
Rate Adjustment Mechanism Revenue	2.6	4.7	7.3
<b>Total Electric and Gas Operating Revenues</b>	<b>\$ 73.6</b>	<b>\$ 105.1</b>	<b>\$ 178.7</b>

Electric and Gas Operating Revenues (millions):	Three Months Ended March 31, 2023		
	Electric	Gas	Total
<b>Billed and Unbilled Revenue:</b>			
Residential	\$ 60.1	\$ 49.1	\$ 109.2
Commercial and Industrial	34.8	69.2	104.0
Other	2.7	3.6	6.3
<b>Total Billed and Unbilled Revenue</b>	<b>97.6</b>	<b>121.9</b>	<b>219.5</b>
Rate Adjustment Mechanism Revenue	10.6	(9.9)	0.7
<b>Total Electric and Gas Operating Revenues</b>	<b>\$ 108.2</b>	<b>\$ 112.0</b>	<b>\$ 220.2</b>

Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or gas sales. The difference between distribution revenue amounts billed to customers and the targeted revenue decoupling amounts is recognized as an increase or a decrease in Accrued Revenue, which forms the basis for resetting rates for future cash recoveries from, or credits to, customers. These revenue decoupling targets may be adjusted as a result of rate cases and other authorized adjustments that the Company files with the Massachusetts Department of Public Utilities (MDPU) and New Hampshire Public Utilities Commission (NHPUC). Fitchburg has been subject to revenue decoupling since 2011. Unital Energy has been subject to revenue decoupling since June 1, 2022. As a result of Unital Energy now being subject to revenue decoupling, as of June 1, 2022, revenue decoupling now applies to substantially all of Unital's total annual electric sales volumes. Substantially all of Northern Utilities' gas sales volumes in New Hampshire have been subject to decoupling since August 1, 2022. The Company's electric and gas sales in New Hampshire and Massachusetts are now largely decoupled.

**Income Taxes** - The Company is subject to Federal and State income taxes and various other business taxes. The Company's process for determining income tax amounts involves estimating the Company's current tax liabilities, and assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated

Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the Financial Accounting Standards Board (FASB) Codification guidance on Income Taxes. The Company classifies penalties and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each jurisdiction in which the Company operates, for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. In accordance with the FASB Codification, the Company periodically assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

**Cash and Cash Equivalents** - Cash and Cash Equivalents includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's subsidiaries Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's subsidiaries provide cash deposits covering approximately 2-1/2 months of outstanding obligations, less credit amounts that are based on the Company's credit rating. As of March 31, 2024, March 31, 2023 and December 31, 2023, the Unitil subsidiaries had deposited \$3.1 million, \$4.2 million and \$3.3 million, respectively to satisfy their ISO-NE obligations.

**Allowance for Doubtful Accounts** - The Company recognizes a provision for doubtful accounts that reflects the Company's estimate of expected credit losses for electric and gas utility service accounts receivable. The allowance for doubtful accounts is calculated by applying a historical loss rate to customer account balances, and reflects management's assessment of current and expected economic conditions, customer trends, or other factors such as the extent and duration of any shutoff or collection moratoriums. The Company also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of the energy commodity portion of bad debts through rate mechanisms. Also, the electric and gas divisions of Fitchburg are authorized to recover through rates past due amounts associated with protected hardship accounts. Evaluating the adequacy of the allowance for doubtful accounts requires judgment about the assumptions used in the analysis. The Company's experience has been that the assumptions used in evaluating the adequacy of the allowance for doubtful accounts have proven to be reasonably accurate.

The Allowance for Doubtful Accounts as of March 31, 2024, March 31, 2023 and December 31, 2023, was as follows:

(millions)	March 31,		December 31,
	2024	2023	2023
Allowance for Doubtful Accounts	\$ 2.8	\$ 3.1	\$ 2.4

Accounts Receivable, Net includes \$2.7 million, \$3.0 million, and \$2.3 million of the Allowance for Doubtful Accounts at March 31, 2024, March 31, 2023 and December 31, 2023, respectively. Unbilled Revenues, net (a component of Accrued Revenue) includes \$0.1 million, \$0.1 million and \$0.1 million of the Allowance for Doubtful Accounts at March 31, 2024, March 31, 2023 and December 31, 2023, respectively.

**Accrued Revenue** - Accrued Revenue includes the current portion of Regulatory Assets and unbilled revenues. The following table shows the components of Accrued Revenue as of March 31, 2024, March 31, 2023 and December 31, 2023.

Accrued Revenue (millions)	March 31,		December 31,
	2024	2023	2023
Regulatory Assets – Current	\$ 65.1	\$ 66.4	\$ 56.5
Unbilled Revenues, net	7.1	5.2	6.9
<b>Total Accrued Revenue</b>	<b>\$ 72.2</b>	<b>\$ 71.6</b>	<b>\$ 63.4</b>

**Exchange Gas Receivable** - Northern Utilities and Fitchburg have gas exchange and storage agreements whereby gas purchases during the months of April through October are delivered to a third party. The third party delivers gas back to the Company during the months of November through March. The exchange and storage gas volumes are recorded at weighted average cost. The following table shows the components of Exchange Gas Receivable as of March 31, 2024, March 31, 2023 and December 31, 2023.

Exchange Gas Receivable (millions)	March 31,		December 31,
	2024	2023	2023
Northern Utilities	\$ 1.9	\$ 4.0	\$ 8.6
Fitchburg	0.3	0.7	0.8
<b>Total Exchange Gas Receivable</b>	<b>\$ 2.2</b>	<b>\$ 4.7</b>	<b>\$ 9.4</b>

**Gas Inventory** - The Company uses the weighted average cost methodology to value gas inventory. The following table shows the components of Gas Inventory as of March 31, 2024, March 31, 2023 and December 31, 2023.

Gas Inventory (millions)	March 31,		December 31,
	2024	2023	2023
Natural Gas	\$ —	\$ 0.4	\$ 0.3
Propane	0.2	0.3	0.3
Liquefied Natural Gas & Other	0.1	0.1	0.4
<b>Total Gas Inventory</b>	<b>\$ 0.3</b>	<b>\$ 0.8</b>	<b>\$ 1.0</b>

**Utility Plant** - The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of is charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, cost of removal amounts to provide for future negative salvage value. At March 31, 2024, March 31, 2023 and December 31, 2023, the cost of removal amounts, which are recorded on the Consolidated Balance Sheets in Cost of Removal Obligations, were estimated to be \$130.6 million, \$120.0 million, and \$126.3 million, respectively.

**Leases** - The Company records assets and liabilities on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Company has elected the practical expedient to not separate non-lease components from lease components and instead to account for both as a single lease component. The Company's accounting policy election for leases with a lease term of 12 months or less is to recognize the lease payments as lease expense in the Consolidated Statements of Earnings on a straight-line basis over the lease term. See additional discussion in the "Leases" section of Note 4 (Debt and Financing Arrangements).

**Regulatory Accounting** - The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the FASB Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission. The electric and gas divisions of Fitchburg are authorized to recover through rates past due amounts associated with hardship accounts that are protected from shut-off. As of March 31, 2024, March 31, 2023 and December 31, 2023, the Company has recorded \$6.9 million, \$5.8 million and \$6.0 million, respectively, of hardship accounts in Regulatory Assets. These amounts are included in "Other Deferred Charges" in the following table. The Company currently receives recovery in rates or expects to receive recovery of these hardship accounts in future rate cases.

Regulatory Assets consist of the following (millions)	March 31,		December 31,
	2024	2023	2023
Retirement Benefits	\$ 27.4	\$ 28.0	\$ 29.8
Energy Supply and Other Rate Adjustment Mechanisms	62.3	63.3	52.4
Deferred Storm Charges	7.8	7.7	9.2
Environmental	6.2	6.2	6.1
Income Taxes	0.9	1.6	1.1
Other Deferred Charges	12.6	11.2	11.0
<b>Total Regulatory Assets</b>	<b>117.2</b>	<b>118.0</b>	<b>109.6</b>
Less: Current Portion of Regulatory Assets <sup>(1)</sup>	65.1	66.4	56.5
<b>Regulatory Assets – noncurrent</b>	<b>\$ 52.1</b>	<b>\$ 51.6</b>	<b>\$ 53.1</b>

(1) Reflects amounts included in the Accrued Revenue on the Company's Consolidated Balance Sheets.

Regulatory Liabilities consist of the following (millions)	March 31,		December 31,
	2024	2023	2023
Income Taxes (Note 8)	\$ 37.9	\$ 40.3	\$ 38.6
Rate Adjustment Mechanisms & Other	14.0	12.9	9.3
<b>Total Regulatory Liabilities</b>	<b>51.9</b>	<b>53.2</b>	<b>47.9</b>
Less: Current Portion of Regulatory Liabilities	17.9	17.0	13.5
<b>Regulatory Liabilities – noncurrent</b>	<b>\$ 34.0</b>	<b>\$ 36.2</b>	<b>\$ 34.4</b>

Generally, the Company receives a return on investment on its regulatory assets for which a cash outflow has been made. Included in Regulatory Assets as of March 31, 2024 are \$6.9 million of environmental costs, rate case costs and other expenditures to be recovered over varying periods in the next seven years. Regulators have authorized recovery of these expenditures, but without a return. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material effect on the Company's Consolidated Financial Statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

**Derivatives** - The Company's regulated energy subsidiaries enter into energy supply contracts to serve their electric and gas customers. The Company has determined that its energy supply contracts either do not qualify as a derivative instrument under the guidance set forth in the FASB Codification, have been elected as a normal purchase, or have contingencies that have not yet been met in order to establish a notional amount.

Fitchburg has entered into power purchase agreements for which contingencies exist (see Note 6, Regulatory Matters—Fitchburg—Massachusetts Request for Proposal (RFPs)). Until these contingencies are satisfied, these contracts will not qualify for derivative accounting. The Company believes that the power purchase obligations under these long-term contracts will have a material effect on the contractual obligations of Fitchburg.

**Investments in Marketable Securities** - The Company maintains a trust through which it invests in a money market fund. This fund is intended to satisfy obligations under the Company's Supplemental Executive Retirement Plan (SERP) (See additional discussion of the SERP in Note 9).

At March 31, 2024, March 31, 2023 and December 31, 2023, the fair value of the Company's investments in these trading securities, which are recorded on the Consolidated Balance Sheets in Other Assets, was \$5.9 million, \$5.7 million and \$6.0 million, respectively, as shown in the following table. These investments are valued based on quoted prices from active markets and are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied. Changes in the fair value of these investments are recorded in Other Expense, Net.

Fair Value of Marketable Securities (millions)	March 31,		December 31,
	2024	2023	2023
Money Market Funds	\$ 2.0	\$ 5.7	\$ 2.0
Fixed Income Funds	3.9	—	4.0
<b>Total Marketable Securities</b>	<b>\$ 5.9</b>	<b>\$ 5.7</b>	<b>\$ 6.0</b>

The Company also sponsors the Unifit Corporation Deferred Compensation Plan (the "DC Plan"). The DC Plan is a non-qualified deferred compensation plan that provides a vehicle for participants to accumulate tax-deferred savings to supplement retirement income. The DC Plan, which was effective January 1, 2019, is open to senior management or other highly compensated employees as determined by the Company's Board of Directors, and may also be used for recruitment and retention purposes for newly hired senior executives. The DC Plan design mirrors the Company's Tax Deferred Savings and Investment Plan formula, but provides for contributions on compensation above the IRS limit, which will allow participants to defer up to 85% of base salary, and up to 85% of

any cash incentive for retirement. The Company may also elect to make discretionary contributions on behalf of any participant in an amount determined by the Company's Board of Directors. A trust has been established to invest the funds associated with the DC Plan.

At March 31, 2024, March 31, 2023 and December 31, 2023, the fair value of the Company's investments in these trading securities related to the DC Plan, which are recorded on the Consolidated Balance Sheets in Other Assets, were \$1.8 million, \$0.9 million and \$1.3 million, respectively, as shown in the following table. These investments are valued based on quoted prices from active markets and are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied. Changes in the fair value of these investments are recorded in Other Expense, Net.

Fair Value of Marketable Securities (millions)	March 31,		December 31,
	2024	2023	2023
Equity Funds	\$ 1.6	\$ 0.8	\$ 1.1
Fixed Income Funds	0.1	—	0.1
Money Market Funds	0.1	0.1	0.1
<b>Total Marketable Securities</b>	<b>\$ 1.8</b>	<b>\$ 0.9</b>	<b>\$ 1.3</b>

**Energy Supply Obligations** - The following discussion and table summarize the nature and amounts of the items recorded as Energy Supply Obligations (current portion) and Other Noncurrent Liabilities (noncurrent portion) on the Company's Consolidated Balance Sheets.

Energy Supply Obligations (millions)	March 31,		December 31,
	2024	2023	2023
Current:			
Exchange Gas Obligation	\$ 1.9	\$ 4.0	\$ 6.4
Renewable Energy Portfolio Standards	5.1	6.6	8.6
<b>Total Energy Supply Obligations</b>	<b>\$ 7.0</b>	<b>\$ 10.6</b>	<b>\$ 15.0</b>

**Exchange Gas Obligation** - Northern Utilities enters into gas exchange agreements under which Northern Utilities releases certain gas pipeline and storage assets, sells the gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the gas heating season at the same price at which it sold the gas inventory to the asset manager. The gas inventory related to these agreements is recorded in Exchange Gas Receivable on the Company's Consolidated Balance Sheets while the corresponding obligations are recorded in Energy Supply Obligations.

**Renewable Energy Portfolio Standards** - Renewable Energy Portfolio Standards (RPS) require retail electricity suppliers, including public utilities, to demonstrate that required percentages of their sales are met with power generated from certain types of resources or technologies. Compliance is demonstrated by purchasing and retiring Renewable Energy Certificates (REC) generated by facilities approved by the state as qualifying for REC treatment. Until Energy and Fitchburg purchase RECs in compliance with RPS legislation in New Hampshire and Massachusetts for supply provided to default service customers. RPS compliance costs are a supply cost that is recovered in customer default service rates. Until Energy and Fitchburg collect RPS compliance costs from customers throughout the year and demonstrate compliance for each calendar year on the following July 1. Due to timing differences between collection of revenue from customers and payment of REC costs to suppliers, Until Energy and Fitchburg typically defer costs for RPS compliance which are recorded within Accrued Revenue with a corresponding liability in Energy Supply Obligations on the Company's Consolidated Balance Sheets.

Fitchburg has entered into long-term renewable contracts for the purchase of clean energy and/or RECs pursuant to Massachusetts legislation, specifically, An Act Relative to Green Communities (Green Communities Act, 2008), An Act Relative to Competitively Priced Electricity in the Commonwealth (2012) and An Act to Promote Energy Diversity (Energy Diversity Act, 2016). The generating facilities associated with ten of these contracts have been constructed and are now operating. Three approved contracts are currently under development. These include long-term contracts filed with the MDPU in 2018, two for offshore wind generation (totaling 1,200 MW) and one for imported hydroelectric power and associated transmission, all three of which were approved in 2019. Four offshore wind contracts, totaling 2,400 MW, previously solicited for pursuant to the Green Communities Act and approved by the MDPU in 2021 and 2022, were subsequently terminated in August and September 2023. In compliance with the Green Communities Act as amended by the Energy Diversity Act and the Act Driving Clean Energy and Offshore Wind in coordination with the other electric distribution companies (EDCs) in Massachusetts, on August 30, 2023 the Company issued a fourth offshore wind Request for Proposal seeking to procure at least 400 MW and up to the maximum amount remaining of the statutory requirement under Section 83C of 5,600 MW. On January 18, 2024, the EDCs notified the MDPU that they are extending the bid

submission date and subsequent solicitation schedule dates by an additional 56 days each to allow bidders the opportunity to gain more certainty around their eligibility for the investment tax credit and factor it into their proposals. The submission date was moved to March 27, 2024. The EDCs received bids for Offshore Wind Generation from three developers and are currently evaluating the proposals. Fitchburg recovers the costs associated with long-term renewable contracts on a fully reconciling basis through a MDPU-approved cost recovery mechanism, and has received remuneration for entering into them.

**Subsequent Events** - The Company evaluates all events or transactions through the date of the related filing. During the period through the date of this filing, the Company did not have any material subsequent events that would result in adjustment to or disclosure in its Consolidated Financial Statements.

## NOTE 2 - DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
05/1/24	05/31/24	05/16/24	\$ 0.425
01/31/24	02/29/24	02/14/24	\$ 0.425
10/23/23	11/28/23	11/14/23	\$ 0.405
07/26/23	08/28/23	08/14/23	\$ 0.405
04/26/23	05/30/23	05/15/23	\$ 0.405
01/25/23	02/28/23	02/14/23	\$ 0.405

## NOTE 3 - SEGMENT INFORMATION

The following table provides significant segment financial data for the three months ended March 31, 2024 and March 31, 2023.

	Electric	Gas	Other	Total
<b>Three Months Ended March 31, 2024 (millions)</b>				
Revenues:				
Billed and Unbilled Revenue	\$ 71.0	\$ 100.4	\$ —	\$ 171.4
Rate Adjustment Mechanism Revenue	2.6	4.7	—	7.3
Total Operating Revenues	73.6	105.1	—	178.7
Segment Profit (Loss)	4.9	22.4	(0.1)	27.2
Capital Expenditures	8.7	10.7	0.8	20.2
Segment Assets	625.5	1,043.7	28.7	1,697.9
<b>Three Months Ended March 31, 2023 (millions)</b>				
Revenues:				
Billed and Unbilled Revenue	\$ 97.6	\$ 121.9	\$ —	\$ 219.5
Rate Adjustment Mechanism Revenue	10.6	(9.9)	—	0.7
Total Operating Revenues	108.2	112.0	—	220.2
Segment Profit (Loss)	5.3	19.0	(0.2)	24.1
Capital Expenditures	10.6	11.5	0.1	22.2
Segment Assets	613.7	979.2	21.8	1,614.7



## NOTE 4 - DEBT AND FINANCING ARRANGEMENTS

Details on long-term debt at March 31, 2024, March 31, 2023 and December 31, 2023 are shown below.

(millions)	March 31,		December 31,
	2024	2023	2023
<b>Unitil Corporation:</b>			
3.70% Senior Notes, Due August 1, 2026	\$ 30.0	\$ 30.0	\$ 30.0
3.43% Senior Notes, Due December 18, 2029	30.0	30.0	30.0
<b>Unitil Energy First Mortgage Bonds:</b>			
6.96% Senior Secured Notes, Due September 1, 2028	10.0	12.0	10.0
8.00% Senior Secured Notes, Due May 1, 2031	12.0	13.5	12.0
6.32% Senior Secured Notes, Due September 15, 2036	15.0	15.0	15.0
3.58% Senior Secured Notes, Due September 15, 2040	27.5	27.5	27.5
4.18% Senior Secured Notes, Due November 30, 2048	30.0	30.0	30.0
<b>Fitchburg:</b>			
6.79% Senior Notes, Due October 15, 2025	—	2.0	—
3.52% Senior Notes, Due November 1, 2027	10.0	10.0	10.0
7.37% Senior Notes, Due January 15, 2029	6.0	7.2	7.2
5.90% Senior Notes, Due December 15, 2030	15.0	15.0	15.0
7.98% Senior Notes, Due June 1, 2031	14.0	14.0	14.0
5.70% Senior Notes, Due July 2, 2033	12.0	—	12.0
3.78% Senior Notes, Due September 15, 2040	27.5	27.5	27.5
4.32% Senior Notes, Due November 1, 2047	15.0	15.0	15.0
5.96% Senior Notes, Due July 2, 2053	13.0	—	13.0
<b>Northern Utilities:</b>			
3.52% Senior Notes, Due November 1, 2027	20.0	20.0	20.0
7.72% Senior Notes, Due December 3, 2038	50.0	50.0	50.0
3.78% Senior Notes, Due September 15, 2040	40.0	40.0	40.0
4.42% Senior Notes, Due October 15, 2044	50.0	50.0	50.0
4.32% Senior Notes, Due November 1, 2047	30.0	30.0	30.0
4.04% Senior Notes, Due September 12, 2049	40.0	40.0	40.0
<b>Granite State:</b>			
3.72% Senior Notes, Due November 1, 2027	15.0	15.0	15.0
<b>Unitil Realty Corp.:</b>			
2.64% Senior Secured Notes, Due December 18, 2030	4.0	4.2	4.0
Total Long-Term Debt	516.0	497.9	517.2
Less: Unamortized Debt Issuance Costs	3.2	3.2	3.2
Total Long-Term Debt, net of Unamortized Debt Issuance Costs	512.8	494.7	514.0
Less: Current Portion	4.9	6.7	4.9
Total Long-term Debt, Less Current Portion	\$ 507.9	\$ 488.0	\$ 509.1

**Fair Value of Long-Term Debt** - Currently, the Company believes there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be 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. The fair value of the Company's long-term debt is estimated using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data). In estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

(millions)	March 31,		December 31,
	2024	2023	2023
<b>Estimated Fair Value of Long-Term Debt</b>	\$ 465.6	\$ 449.2	\$ 470.5

On September 29, 2022, the Company entered into a Third Amended and Restated Credit Agreement with a syndicate of lenders (collectively, the "Credit Facility"), which amended and restated in its entirety the prior credit facility. Unitil may borrow under the

Credit Facility until September 29, 2027, subject to two one-year extensions under certain circumstances. The Credit Facility terminates and all amounts outstanding thereunder are due and payable on September 29, 2027, subject to the potential extension discussed in the prior sentence.

The Credit Facility has a borrowing limit of \$200 million, which includes a \$25 million sublimit for the issuance of standby letters of credit. Unitil may increase the borrowing limit under the Credit Facility by up to \$75 million under certain circumstances. The Credit Facility generally provides Unitil with the ability to elect that borrowings under the Credit Facility bear interest under several options, including a daily fluctuating rate equal to (a) the forward-looking secured overnight financing rate (as administered by the Federal Reserve Bank of New York) term rate with a term equivalent to one month beginning on that date, plus (b) 0.1000%, plus (c) a margin of 1.125% to 1.375% (based on Unitil's credit rating).

The Company utilizes the Credit Facility for cash management purposes related to its short-term operating activities. Total gross borrowings were \$85.9 million for the three months ended March 31, 2024. Total gross repayments were \$78.0 million for the three months ended March 31, 2024. The following table details the borrowing limits, amounts outstanding and amounts available under the Credit Facility as of March 31, 2024, March 31, 2023 and December 31, 2023:

	Revolving Credit Facility (millions)		
	March 31,		December 31,
	2024	2023	2023
Limit	\$ 200.0	\$ 200.0	\$ 200.0
Short-Term Borrowings Outstanding	169.9	140.2	162.0
Available	\$ 30.1	\$ 59.8	\$ 38.0

The Credit Facility contains customary terms and conditions for credit facilities of this type, including affirmative and negative covenants. There are restrictions on, among other things, Unitil's and its subsidiaries' ability to incur liens or incur indebtedness, and restrictions on Unitil's ability to merge or consolidate with another entity or change its line of business. The affirmative and negative covenants under the Credit Facility shall apply to Unitil until the Credit Facility terminates and all amounts borrowed under Credit Facility are paid in full (or, with respect to letters of credit, they are cash-collateralized). The only financial covenant in the Credit Facility provides that Unitil's Funded Debt to Capitalization (as each term is defined in the Credit Facility) cannot exceed 65% tested on a quarterly basis. At March 31, 2024, March 31, 2023 and December 31, 2023, the Company was in compliance with the covenants contained in the Credit Facility in effect on those dates.

The average interest rates on all short-term borrowings and intercompany money pool transactions were 6.7% and 5.9% for the three months ended March 31, 2024 and March 31, 2023, respectively. The average interest rate on all short-term borrowings for the twelve months ended December 31, 2023 was 6.4%.

On July 6, 2023, Fitchburg issued \$12.0 million of Notes due July 2, 2033 at 5.70% and \$13.0 million of Notes due July 2, 2053 at 5.96%. Fitchburg used the net proceeds from these offerings to refinance existing debt and for general corporate purposes. Approximately \$0.2 million of costs associated with this issuance were recorded as a reduction of Long-Term Debt for presentation purposes on the Consolidated Balance Sheet in the third quarter of 2023.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain gas pipeline and storage assets, sells to an asset manager and subsequently repurchases the gas over the course of the gas heating season at the same price at which it sold the gas to the asset manager. There was \$3.3 million of natural gas storage inventory and corresponding obligations at March 31, 2024 related to these asset management agreements. The amount of natural gas inventory released in March 2024, which was payable in April 2024, was \$1.4 million and was recorded in Accounts Payable at March 31, 2024.

#### Guarantees

The Company provides limited guarantees on certain energy and gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of March 31, 2024, there were no guarantees outstanding.

#### Leases

Unitil's subsidiaries lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the three months ended March 31, 2024 and March 31, 2023 amounted to \$0.5 million and \$0.5 million, respectively.

The balance sheet classification of the Company's lease obligations was as follows:

Lease Obligations (millions)	March 31,		December 31,
	2024	2023	2023
<b>Operating Lease Obligations:</b>			
Other Current Liabilities (current portion)	\$ 1.8	\$ 1.8	\$ 1.9
Other Noncurrent Liabilities (long-term portion)	3.8	3.9	3.7
Total Operating Lease Obligations	5.6	5.7	5.6
<b>Capital Lease Obligations:</b>			
Other Current Liabilities (current portion)	0.1	0.1	0.1
Other Noncurrent Liabilities (long-term portion)	0.3	0.3	0.4
Total Capital Lease Obligations	0.4	0.4	0.5
<b>Total Lease Obligations</b>	<b>\$ 6.0</b>	<b>\$ 6.1</b>	<b>\$ 6.1</b>

Cash paid for amounts included in the measurement of operating lease obligations for the three months ended March 31, 2024 and March 31, 2023 was \$0.5 million and \$0.5 million and was included in Cash Provided by Operating Activities on the Consolidated Statements of Cash Flows.

Assets under capital leases amounted to approximately \$0.7 million, \$0.9 million and \$0.7 million as of March 31, 2024, March 31, 2023 and December 31, 2023, respectively, less accumulated amortization of \$0.2 million, \$0.4 million and \$0.2 million, respectively and are included in Net Utility Plant on the Company's Consolidated Balance Sheets.

The following table is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of March 31, 2024. The payments for operating leases consist of \$1.8 million of current operating lease obligations, which are included in Other Current Liabilities and \$3.8 million of noncurrent operating lease obligations, which are included in Other Noncurrent Liabilities, on the Company's Consolidated Balance Sheets as of March 31, 2024. The payments for capital leases consist of \$0.1 million of current capital lease obligations, which are included in Other Current Liabilities and \$0.3 million of noncurrent capital lease obligations, which are included in Other Noncurrent Liabilities, on the Company's Consolidated Balance Sheets as of March 31, 2024.

Lease Payments (\$000's) Year Ending December 31,	Operating Leases	Capital Leases
Rest of 2024	\$ 1,607	\$ 122
2025	1,558	120
2026	1,270	107
2027	993	115
2028	420	19
2029 - 2033	223	—
<b>Total Payments</b>	<b>6,071</b>	<b>483</b>
Less: Interest	517	40
<b>Amount of Lease Obligations Recorded on Consolidated Balance Sheets</b>	<b>\$ 5,554</b>	<b>\$ 443</b>

Operating lease obligations are based on the net present value of the remaining lease payments over the remaining lease term. In determining the present value of lease payments, the Company used the interest rate stated in each lease agreement. As of March 31, 2024, the weighted average remaining lease term is 3.7 years and the weighted average operating discount rate used to determine the operating lease obligations was 4.6%. As of March 31, 2023, the weighted average remaining lease term was 3.8 years and the weighted average operating discount rate used to determine the operating lease obligations was 4.5%.

## NOTE 5 – EQUITY

### Common Stock

The Company's common stock trades on the New York Stock Exchange under the symbol, "UTL."

The Company had 16,167,887, 16,086,230 and 16,116,724 shares of common stock outstanding at March 31, 2024, March 31, 2023 and December 31, 2023, respectively.

**Dividend Reinvestment and Stock Purchase Plan** - During the first three months of 2024, the Company sold 5,803 shares of its common stock, at an average price of \$50.17 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of approximately \$291,200. The DRP 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.

**Stock Plan** - The Company maintains the Unifit Corporation Second Amended and Restated 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors to receive awards under the Stock Plan, including: (i) awards of restricted shares that vest based on time (Time Restricted Shares); (ii) awards of restricted shares that vest based on performance (Performance Restricted Shares), effective January 24, 2023; or (iii) awards of restricted stock units (Restricted Stock Units). The Compensation Committee has the authority to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Stock Plan. On April 19, 2012 and May 1, 2024, the Company's shareholders approved amendments to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

The maximum number of shares available for awards to participants under the Stock Plan was 677,500 as of March 31, 2024, and was increased on May 1, 2024 to 1,027,500. The maximum number of shares that may be awarded in any one calendar year to any one participant is 20,000. In the event of certain changes in capitalization of the Company, the Compensation Committee is authorized to make an equitable adjustment to the number and kind of shares of common stock that may be delivered under the Stock Plan and, in addition, may authorize and make an equitable adjustment to the Stock Plan's annual individual award limit.

#### Time Restricted Shares

Outstanding awards of Time Restricted Shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on Time Restricted Shares underlying the award may be credited to a participant's account. The Company may deduct or withhold, or require a participant to remit to the Company, an amount sufficient to satisfy any taxes required by federal, state, or local law or regulation to be withheld with respect to any taxable event arising in connection with an award.

Prior to the end of the vesting period, the Time Restricted Shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death, disability or retirement.

On January 30, 2024, 22,680 Time Restricted Shares were issued in conjunction with the Stock Plan with an aggregate market value at the date of issuance of approximately \$1.1 million. There were 59,163 and 64,243 non-vested Time Restricted Shares under the Stock Plan as of March 31, 2024 and 2023, respectively. The weighted average grant date fair value of these shares was \$47.72 and \$48.02 per share, respectively. The compensation expense associated with the issuance of Time Restricted Shares under the Stock Plan is being recognized over the vesting period and was \$1.0 million and \$1.1 million for the three months ended March 31, 2024 and 2023, respectively. At March 31, 2024, there was approximately \$1.2 million of total unrecognized compensation cost for Time Restricted Shares under the Stock Plan which is expected to be recognized over approximately 2.8 years. During the three months ended March 31, 2024 there were zero Time Restricted Shares forfeited and zero Time Restricted Shares cancelled under the Stock Plan.

#### Performance Restricted Shares

Outstanding awards of Performance Restricted Shares vest after a performance period of three years based on the attainment of certain goals set by the Compensation Committee at the beginning of the performance period. If goals are met, awards of Performance Restricted Shares may vest fully; if goals are exceeded, awards of Performance Restricted Shares may vest fully and additional shares of common stock may be awarded; if goals are not met, a portion of the Performance Restricted Shares may vest and/or all or a portion of the Performance Restricted Shares may be forfeited. During the performance period, dividends on Performance Restricted Shares underlying the award may be credited to a participant's account. The Company may deduct or withhold, or require a participant to remit to the Company, an amount sufficient to satisfy any taxes required by federal, state, or local law or regulation to be withheld with respect to any taxable event arising in connection with an award.

Prior to the end of the performance period, the Performance Restricted Shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death, disability or retirement. Initial awards of Performance Restricted Shares were granted January 24, 2023. On January 30, 2024, there were 22,680 Performance Restricted Shares issued under the Stock Plan with an aggregate market value of \$1.1 million. There were 43,453

non-vested Performance Restricted Shares under the Stock Plan as of March 31, 2024. The weighted average grant date fair value of these shares was \$50.35 per share. The compensation expense associated with the issuance of Performance Restricted Shares under the Stock Plan is being recognized over the vesting period and was \$0.2 million and \$0.1 million for the three months ended March 31, 2024 and March 31, 2023, respectively. At March 31, 2024, there was approximately \$2.2 million of total unrecognized compensation cost for Performance Restricted Shares under the Stock Plan which is expected to be recognized over approximately 2.3 years. During the three months ended March 31, 2024 there were zero Performance Restricted Shares forfeited and zero Performance Restricted Shares cancelled under the Stock Plan.

#### Restricted Stock Units

Non-management members of the Company's Board of Directors (Directors) may elect to receive the equity portion of their annual retainer in the form of Restricted Stock Units (RSU). Restricted Stock Units earn dividend equivalents and will generally be settled by payment to each Director as soon as practicable following the Director's separation from service to the Company. The Restricted Stock Units will be paid such that the Director will receive (i) 70% of the shares of the Company's common stock underlying the restricted stock units and (ii) cash in an amount equal to the fair market value of 30% of the shares of the Company's common stock underlying the Restricted Stock Units. The equity portion of Restricted Stock Units activity during the three months ended March 31, 2024 in conjunction with the Stock Plan is presented in the following table:

<b>Restricted Stock Units (Equity Portion)</b>		
	Units	Weighted Average Stock Price
Restricted Stock Units as of December 31, 2023	33,375	\$ 42.73
Restricted Stock Units Granted	—	\$ —
Dividend Equivalents Earned	278	\$ 50.96
Restricted Stock Units Settled	—	\$ —
Restricted Stock Units as of March 31, 2024	<u>33,653</u>	<u>\$ 42.80</u>

There were 44,125 Restricted Stock Units outstanding as of March 31, 2023 with a weighted average stock price of \$40.27. Included in Other Noncurrent Liabilities on the Company's Consolidated Balance Sheets as of March 31, 2024, March 31, 2023 and December 31, 2023 is \$0.8 million, \$1.1 million and \$0.8 million, respectively, representing the fair value of liabilities associated with the portion of fully vested RSUs that will be settled in cash.

#### **Preferred Stock**

There were \$0.2 million, or 1,727 shares, of Unitil Energy's 6.00% Series Preferred Stock outstanding as of March 31, 2024 and December 31, 2023. There were \$0.2 million, or 1,861 shares, of Unitil Energy's 6.00% Series Preferred Stock outstanding as of March 31, 2023. There were less than \$0.1 million of total dividends declared on Preferred Stock in each of the three month periods ended March 31, 2024 and March 31, 2023, respectively.

#### **NOTE 6 - REGULATORY MATTERS**

**UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 8 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2023 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 13, 2024.**

##### **Rate Case Activity**

**Northern Utilities - Base Rates - Maine** - On September 20, 2023, the MPUC issued an order approving a Stipulation filed on August 31, 2023, between Northern Utilities and the Office of the Public Advocate which resolved all matters in the base rate filing made by Northern Utilities with the MPUC on May 1, 2023. The order approves an increase in distribution revenues of \$7.6 million effective October 1, 2023. The order reflects a return on equity of 9.35%, an equity ratio of 52.01%, and a weighted average cost of capital of 7.22%.

##### **Northern Utilities - Targeted Infrastructure Replacement Adjustment (TIRA) - Maine -**

The settlement in Northern Utilities' Maine division's 2013 rate case authorized the Company to implement a TIRA rate mechanism to adjust base distribution rates annually to recover the revenue requirements associated with targeted investments in gas distribution system infrastructure replacement and upgrade projects, including the Company's Cast Iron Replacement Program (CIRP). In its Final Order issued on February 28, 2018 for Northern Utilities' 2017 base rate case, the MPUC approved an extension of the TIRA mechanism for an additional eight-year period, which will allow for annual rate adjustments through the end of the CIRP program. The Company's most recent request under the TIRA mechanism, to increase annual base rates by \$2.4 million for 2023 eligible facilities, was filed with the MPUC on April 24, 2024. On April 30, 2024, the MPUC issued an order approving the filing, for rates effective May 1, 2024.

**Northern Utilities - Base Rates - New Hampshire** - On July 20, 2022, the NHPUC issued an Order in the distribution base rate case filed with the NHPUC on August 2, 2021 by Northern Utilities. The Order approved a comprehensive Settlement Agreement between the Company, the New Hampshire Department of Energy (DOE), and the Office of the Consumer Advocate (OCA). As provided in the Settlement Agreement, in addition to authorizing an increase to permanent distribution rates of \$6.1 million, effective August 1, 2022, the Order (1) approved a revenue decoupling mechanism and (2) allowed for a step adjustment effective September 1, 2022 covering the additional revenue requirement resulting from changes in Net Plant in Service associated with non-growth investments for the period January 1, 2021, through December 31, 2021. This distribution base rate case reflected the Company's operating costs and investments in utility plant for a test year ended December 31, 2020 as adjusted for known and measurable changes. The Order provided for a return on equity of 9.3% and a capital structure reflecting 52% equity and 48% long-term debt. The increase in permanent rates was reconciled back to October 1, 2021, the effective date of temporary rates previously approved in this docket. On June 8, 2022, the Company filed for its step increase of approximately \$1.6 million of annual revenue, for rates effective as of September 1, 2022, to recover eligible 2021 capital investments. On August 31, 2022, the NHPUC approved the Company's filing.

**Unitil Energy - Base Rates** - On May 3, 2022, the NHPUC issued an Order in the distribution base rate case filed with the NHPUC on April 2, 2021 by Unitil Energy. The Order approved, in part, a comprehensive Settlement Agreement between the Company, the New Hampshire DOE, the OCA, the New Hampshire Department of Environmental Services, Clean Energy New Hampshire, and ChargePoint, Inc. In addition to authorizing an increase to permanent distribution rates of \$6.3 million, effective June 1, 2022, the Order approved the following components of the Settlement Agreement: (1) a multi-year rate plan, (2) a revenue decoupling mechanism, (3) time-of-use rates, (4) resiliency programs to support the Company's commitment to reliability, and (5) other rate design and tariff changes. On May 10, 2022, the Company filed a request for clarification with the NHPUC to clarify that the authorized revenue requirement should exclude expenses related to the Company's proposed Arrearage Management Program (AMP), which was not approved in the Order. On May 12, 2022, the Commission issued an Order, which clarified that because the Company will not incur the expenses associated with the AMP, those costs should be removed from the revenue requirement, and that the adjusted increase of \$5.9 million will result in reasonable rates. The increase in permanent rates was reconciled back to June 1, 2021, the effective date of temporary rates previously approved in this docket. This distribution base rate case reflected the Company's operating costs and investments in utility plant for a test year ended December 31, 2020 as adjusted for known and measurable changes. The Order provided for a return on equity of 9.2% and a capital structure reflecting 52% equity and 48% long-term debt. On July 28, 2022, the NHPUC approved the Company's first step increase of approximately \$1.3 million of annual revenue to recover eligible 2021 capital investments, effective August 1, 2022. On May 31, 2023, the NHPUC approved the Company's second and final step adjustment increase of approximately \$1.2 million to recover eligible 2022 capital investments, effective June 1, 2023.

**Fitchburg - Base Rates - Electric** - Fitchburg's base rates are decoupled and subject to an annual revenue decoupling adjustment mechanism, which includes a cap on the amount that rates may be increased in any year. In addition, Fitchburg has an annual capital cost recovery mechanism to recover the revenue requirement associated with certain capital additions. On July 26, 2023, the MDPU issued an Order approving the Company's cumulative revenue requirement of \$3.1 million associated with its 2019-2021 capital expenditures. On November 1, 2023, Fitchburg filed its cumulative revenue requirement of \$3.6 million associated with its 2019-2022 capital expenditures. On November 27, 2023, Fitchburg revised its cumulative revenue requirement to \$3.5 million. On December 22, 2023, the MDPU allowed the associated rate increase to become effective on January 1, 2024, subject to further investigation and reconciliation.

On August 17, 2023, Fitchburg filed a petition with the MDPU seeking approval for a \$6.8 million increase to base distribution rates, with new rates anticipated to be effective July 1, 2024. Fitchburg proposes to transfer \$2.7 million in revenue requirements recovered through certain reconciling mechanisms to base distribution rates. Net of these transfers, the proposed overall increase to distribution revenues is \$4.1 million. As part of this filing, Fitchburg is requesting approval for a performance-based ratemaking (PBR) plan for up to a five-year term and continuation of its revenue decoupling mechanism. A decision from the MDPU is expected in June 2024.

**Fitchburg - Base Rates - Gas** - On August 17, 2023, Fitchburg filed a petition with the MDPU seeking approval for a \$10.9 million increase to base distribution rates, with new rates anticipated to be effective July 1, 2024. Fitchburg proposes to transfer \$4.2 million in revenue requirements recovered through its Gas System Enhancement Program to base distribution rates. Net of these transfers, the proposed overall increase to distribution revenues is \$6.7 million. As part of this filing, Fitchburg is requesting approval for a PBR plan for up to a five-year term and continuation of its revenue decoupling mechanism. A decision from the MDPU is expected in June 2024.

**Fitchburg - Gas System Enhancement Program** - Pursuant to statute and MDPU order, Fitchburg has an approved Gas System Enhancement Plan tariff through which it may recover certain gas infrastructure replacement and safety related investment costs, subject to an annual cap. Under the plan, the Company is required to make two annual filings with the MDPU: a forward-looking

filing for the subsequent construction year, to be filed on or before October 31; and a filing, submitted on or before May 1, of final project documentation for projects completed during the prior year, demonstrating substantial compliance with its plan in effect for that year and showing that project costs were reasonably and prudently incurred. Fitchburg's forward-looking cumulative revenue requirement filing submitted on October 31, 2022 requested recovery of approximately \$4.5 million, and received final approval on April 28, 2023, effective May 1, 2023. The Company's most recent forward-looking cumulative revenue requirement filing, filed on October 31, 2023, requested recovery of approximately \$6.4 million. On April 30, 2024, the MDPU issued an order approving this filing for rates effective May 1, 2024.

**Granite State - Base Rates** - On November 30, 2020, the FERC approved Granite State's filing of an uncontested rate settlement which provided for an increase in annual revenues of approximately \$1.3 million, effective November 1, 2020. The Settlement Agreement permits the filing of limited Section 4 rate adjustments for capital cost projects eligible for cost recovery in 2021, 2022, and 2023, and sets forth an overall investment cap of approximately \$14.6 million on the capital cost recoverable under such filings during the term of the Settlement. Under the Settlement Agreement, Granite may not file a new general rate case earlier than April 30, 2024 with rates to be effective no earlier than November 1, 2024 based on a test year ending no earlier than December 31, 2023.

On August 24, 2021, the FERC accepted Granite State's first limited Section 4 rate adjustment pursuant to the Settlement Agreement, for an annual revenue increase of \$0.1 million, effective September 1, 2021. On August 19, 2022, the FERC accepted Granite State's second limited Section 4 rate adjustment pursuant to the Settlement Agreement, for an annual revenue increase of \$0.3 million, effective September 1, 2022. On July 27, 2023, Granite State filed its third and final limited Section 4 rate adjustment pursuant to the Settlement Agreement, for an annual revenue increase of \$1.0 million, effective September 1, 2023. On August 22, 2023, the FERC approved this filing.

### **Other Matters**

**Unitil Energy - Proposal to Construct Utility-Scale Solar Facility** - On October 31, 2022, Unitil Energy submitted a petition to the NHPUC for review of Unitil Energy's proposal to construct, own, and operate a 4.99 MW utility-scale photovoltaic generating facility, which was subsequently revised to a 4.88 MW facility. On May 1, 2023, the NHPUC issued an Order approving the Company's petition.

On February 5, 2024, the NH Department of Environmental Services ("NHDES") issued an Alteration of Terrain Permit for the project. On February 9, 2024, NHDES issued a Wetland and Non-Site Specific Permit for the project. On February 14, 2024, the United States Army Corps of Engineers issued a NH General Permit for the project. The Company has commenced site work for the project.

**Unitil Energy - Major Storm Cost Reserve Recovery** - On April 26, 2024 Unitil Energy filed a request with the NHPUC to increase its Storm Reserve Adjustment Factor effective June 1, 2024. The increase would allow the Company to recover the under-collected Major Storm Cost Reserve (MSCR) balance as of December 31, 2023 of approximately \$3.7 million plus \$0.2 million of projected carrying costs over a three-year period. This matter remains pending.

**Fitchburg - Grid Modernization** - On July 1, 2021, Fitchburg submitted its Grid Modernization Plan (GMP) to the MDPU. The GMP includes a five-year strategic plan, including a plan for the full deployment of advanced metering functionality, and a four-year short-term investment plan, which focuses on foundational investments to facilitate the interconnection and integration of distributed energy resources, optimizing system performance through command and control and self-healing measures, and optimizing system demand by facilitating consumer price-responsiveness. On October 7, 2022, the MDPU issued a "Track 1" Order approving a budget cap of \$9.3 million through 2025 for previously deployed or preauthorized grid modernization investments. On November 30, 2022, the MDPU issued its "Track 2" Order addressing new technologies and Advanced Metering Infrastructure (AMI) proposals. The MDPU preauthorizes a four-year \$1.5 million budget for Fitchburg's additional grid-facing investments. Any spending over the total budget cap is not eligible for targeted cost recovery through its Grid Modernization Factor (GMF), and instead, may be recovered by the Company in a base distribution rate proceeding subsequent to a prudency finding by the MDPU in a GMF filing or term review Order. The MDPU also preauthorized the Company's AMI meter replacement investments, with a budget of \$11.2 million through 2025. Additionally, the MDPU provided preliminary approval for the Company's customer engagement and experience and data sharing platform investments, with a combined budget of \$2.3 million through 2025. The Company may recover eligible costs incurred for preauthorized grid-facing investments and customer-facing investments that will be made during the 2022-2025 GMP term through the GMFs, subject to certain modifications to the Company's GMF tariff and a final prudence review. On March 31, 2023, the Company submitted an AMI opt-out tariff with full support of proposed opt-out fees in compliance with the Track 2 Order. The MDPU approved the tariff on April 7, 2023.

On April 24, 2023, Fitchburg submitted its 2022 Grid Modernization Plan Annual Report to the MDPU. Among other things, the Company explained a modification to its implementation of the AMI plan that the MDPU preauthorized in D.P.U. 21-82. Due to a

discontinuation of the meter technology upon which the Company's initial AMI plan relied, the Company reported that it will need to replace its meters with a new meter technology and to implement a new communications system. On May 31, 2023, the MDPU issued an Order indicating its intent to explore the impact of the discontinuation and determine the appropriate next steps outside the GMF proceeding. On April 15, 2024, the Company submitted its annual Grid Modernization Filing seeking recovery of costs related to grid modernization investments placed into service in 2023. In connection with this filing, the Company submitted a request for preauthorization of communications systems and head end system investments that will be implemented in connection with the Company's advanced metering infrastructure replacement project. The matter remains pending.

**Fitchburg - Grid Modernization Cost Recovery Factor** - On April 15, 2023, Fitchburg filed its GMF rate adjustment and reconciliation filing for recovery of the costs incurred as a result of implementing the Company's 2022-2025 GMP, approved by the MDPU in Orders dated October 7, 2022 and November 30, 2022. On May 31, 2023, the MDPU approved, subject to further investigation and reconciliation, the cumulative recovery of \$1.0 million associated with the Company's 2022 GMP revenue requirement, effective June 1, 2023. The MDPU conducted a hearing on September 26, 2023 regarding the Company's pending GMF filings and Grid Modernization Term Report. The matter remains pending. On April 15, 2024, Fitchburg filed its GMF rate adjustment and reconciliation filing for recovery of the costs incurred as a result of implementing the Company's 2022-2025 GMP. This filing seeks recovery of \$1.3 million associated with its 2023 revenue requirement, effective June 1, 2024. This matter remains pending.

**Fitchburg - Investigation into the role of gas LDCs to achieve Commonwealth 2050 climate goals** - The MDPU has opened an investigation to examine the role of Massachusetts gas local distribution companies (LDCs) in helping the Commonwealth achieve its 2050 climate goal of net-zero greenhouse gas (GHG) emissions. In its Order opening the inquiry, the MDPU stated it is required to consider new policies and structures as the Commonwealth reduces reliance on fossil fuels, including natural gas, which may require LDCs to make significant changes to their planning processes and business models. The LDCs, including Fitchburg, engaged an independent consultant to conduct a study and prepare a report (Consultant Report), including a detailed study of each LDC, that analyzes the feasibility of all identified pathways to help the Commonwealth achieve its net-zero GHG goal. The study includes an examination of the potential pathways identified in the 2050 Decarbonization Roadmap developed by the MA Executive Office of Energy and Environmental Affairs, in consultation with the Massachusetts Department of Environmental Protection and the Massachusetts Department of Energy Resources (DOER).

On December 6, 2023, the MDPU issued an Order announcing a regulatory framework intended to set forth its role and that of the LDCs in helping the Commonwealth achieve its target of net-zero GHG emissions by 2050. In this proceeding, the MDPU reviewed eight potential decarbonization "pathways" and six regulatory design recommendations intended to facilitate the Commonwealth's transition. The MDPU made no specific findings as to a preferred pathway or technology, but did make specific findings regarding regulatory design recommendations. The MDPU instructed the LDCs in their next rate case to revise their per-customer revenue decoupling mechanism to a decoupling approach based on total revenues. The MDPU emphasized that the Order is not intended to jeopardize the rate recovery of existing investments in natural gas infrastructure by Fitchburg. As part of future cost recovery proposals, LDCs will bear the burden of demonstrating that non-gas pipeline alternatives (NPAs) were adequately considered and found to be non-viable or cost prohibitive to receive full cost recovery of investments. The MDPU further found that the "clean energy transition" will require coordinated planning between LDCs and electric distribution companies, monitoring progress through LDC reporting, and aligning existing MDPU practices with climate targets. To that end, the MDPU ordered the LDCs to submit individual Climate Compliance Plans every five years beginning in 2025, and to propose climate compliance performance metrics in upcoming performance-based regulation filings, ensuring a proactive approach to achieving climate targets.

On December 29, 2023, the LDCs filed a Joint Motion for Clarification and Extension of Judicial Appeal Period. The Joint Motion requests clarification of three issues: (1) the MDPU's directive concerning the NPAs analysis; (2) the timetable for establishing 'incentives and disincentives' for progress toward compliance with Climate Act mandates as part of a PBR framework and achievement of approved Climate Compliance Plans; and (3) the methodology for emissions reduction accounting for Climate Compliance Plans, with particular attention to Scope 1 and Scope 3 emissions accounting. On April 2, 2024, the Commission issued an Order on the LDCs' Joint Motion. In its Order, the MDPU clarified, among other things, that NPA analyses should be applied at the project level to all investment decisions going forward, and should be considered at project planning stage; that pending an approved NPA framework, LDCs should make all reasonable efforts to incorporate NPA analyses into investment decisions; and that LDCs will have the burden to demonstrate the prudence of implementing a traditional project instead of a NPA. The MDPU did not expressly exempt any category of project from the NPA analysis requirement.

**Fitchburg - Electric Sector Modernization Plan**- Pursuant to M.G.L. c. 164 § 92B, Fitchburg submitted a draft Electric Sector Modernization Plan (ESMP) to the statutorily created Massachusetts Grid Modernization Advisory Council (Council) for the Council's review, input, and recommendations. The ESMP is a plan intended to upgrade the Company's distribution system to enable and accommodate increased distributed energy resources and electrification technologies, improve grid reliability and resiliency, and assist the Commonwealth in achieving climate goals, among other objectives. The Council provided recommendations on the ESMP in November 2023. The Company submitted its final ESMP to the MDPU on January 29, 2024. The Company concurrently submitted



a proposal to recover, among other things, incremental costs associated with ESMP investments through an annual reconciling rate adjustment mechanism. On February 20, 2024, the MDPU issued an interlocutory order finding in part that “to the extent that the MDPU determines that accelerated cost recovery through annual reconciling mechanisms for proposed investments identified in the ESMPs is appropriate, we anticipate establishing the appropriate parameters for those mechanisms through a separate phase of these proceedings to be conducted after August 29, 2024.” This matter remains pending before the MDPU.

**Fitchburg - Electric Vehicle (EV) Proceeding** - On December 30, 2022, the MDPU issued an order approving Fitchburg’s five-year EV program with a \$1.0 million budget consisting of: (1) public infrastructure offering (\$0.5 million); (2) Electric Vehicle Supply Equipment (EVSE) incentives for residential segment (\$0.3 million); and (3) marketing and outreach (\$0.2 million). The Company may shift spending between program segments and between years over the five-year term of its program, subject to a 15% cap. Any spending above the approved EV program budget or above the 15% cap for each program segment is not eligible for targeted cost recovery through the GMF and, instead, may be recovered in a base distribution rate proceeding subsequent to a prudency finding by the MDPU. Further, the MDPU has convened an EV stakeholder process to finalize EV program performance metrics. On April 3, 2023, the electric companies filed comments on the MDPU’s proposed metrics. Once performance metrics are finalized, the MDPU will require the electric companies to develop a joint state-wide program evaluation plan for MDPU approval and stakeholder input and will determine next steps at that time. The MDPU directs the Companies to submit annual reports that document their performance and these reports will be due on or before May 15th of each year. The first EV annual report is due May 15, 2024. The Company shall file annual rate adjustment and reconciliation filings on or before April 15, with rates effective June 1. The MDPU accepted the Company’s Demand Charge Alternative proposal and directed implementation within six months. The Demand Charge Alternative is offered for a ten-year period beginning July 1, 2023 with tiered rates to separately-metered EV general delivery service customers. The MDPU accepted the Company’s proposed residential EV TOU rate, effective April 1, 2023.

**Fitchburg - Storm Cost Deferral Petition** - On November 2, 2023, Fitchburg filed a request with the MDPU to increase its Storm Reserve Adjustment Factor effective January 1, 2024. The increase would allow the Company to recover approximately \$4.8 million of costs of repairing damage to its electrical system plus \$1.4 million of projected carrying costs resulting from the January and March 2023 winter storms over a five-year period. On December 19, 2023, the MDPU allowed the associated rate increase to become effective on January 1, 2024, subject to further investigation and reconciliation.

**Fitchburg- Approval of Gas Supply Agreement with Constellation LNG**- On February 16, 2024, Fitchburg filed a petition with the MDPU for approval of a six year agreement with Constellation LNG for the purchase of natural gas in the liquid or vapor form for the period June 1, 2024 through May 31, 2030 heating seasons. This request is for the approval of two contracts, the first for up to 3,400 Dth per day of natural gas peaking supply to the Company. This first contract will be broken out for 3,000 Dth per Day in the form of LNG for use at the Company’s Westminster LNG facility and 400 Dth per Day will be in the form of natural gas supply delivered to the city-gate connecting the Company’s system to the Tennessee Gas Pipeline. The second contract will provide up to 3,000 Dth per day of LNG trucking from the Everett Marine Terminal to the Company’s Westminster LNG facility.

This proposed agreement would ensure that the Everett Marine Terminal, which plays a critical role in both the Company’s and the New England energy market’s efficient and reliable operation, will continue to be available for the next six winter seasons. A six year agreement was also requested by Boston Gas Company, Eversource Gas Company, and NSTAR Gas Company.

An in-person hearing was held on March 12, 2024 at Everett City Hall and a video conference was held by the MDPU on March 15, 2024. This matter remains pending. Fitchburg and other LDCs have requested an Order by May 1, 2024.

**Northern Utilities / Granite State - Firm Capacity Contract** - Northern Utilities relies on the transportation of gas supply over its affiliate Granite State pipeline to serve its customers in the Maine and New Hampshire service areas. Granite State facilitates critical upstream interconnections with interstate pipelines and third party suppliers essential to Northern Utilities’ service to its customers. Northern Utilities reserves firm capacity through a contract with Granite State, which is renewed annually. Pursuant to statutory requirements in Maine and orders of the MPUC, Northern Utilities submits an annual informational report requesting approval of a one-year extension of its 12-month contract for firm pipeline capacity reservation, with an evergreen provision and three-month termination notification requirement. On March 29, 2024, Northern Utilities submitted an annual informational report requesting approval on a one-year extension for the period of November 1, 2024 through October 31, 2025. This matter is pending.

**Northern Utilities / Portland Natural Gas Transmission System (PNGTS) and TransCanada Pipelines Limited (TCPL) transportation from Empress, Alberta to Granite State Gas Transmission, Inc. (GSGT)**

- On October 5, 2023, Northern Utilities filed with the NHPUC and the MPUC a request to approve agreements for the ability for Northern Utilities to increase supply portfolio capacity by 12,500 Dth per day in New Hampshire and Maine. This incremental capacity to Northern Utilities' supply portfolio took effect April 1, 2024 for a thirty-year term. Northern Utilities was able to acquire this incremental supply of TCPL capacity through an open season process. On January 26, 2024 and January 30, 2024, the Company received orders from the NHPUC and MPUC, respectively, approving Northern Utilities' proposal for Empress Agreements with PNGTS and TransCanada Pipelines. Conservation Law Foundation filed a motion for reconsideration of the Maine Commission's decision on February 15, 2024. The Company objected to the motion, which remains pending before the Commission.

**Reconciliation Filings** - Fitchburg, Unitol Energy and Northern Utilities each have a number of regulatory reconciling accounts that require annual or semi-annual filings with the MDPU, NHPUC and MPUC, respectively, to reconcile revenues and costs, and to seek approval of any rate changes. These filings include: annual electric reconciliation filings by Fitchburg and Unitol Energy for a number of items, including default service, stranded cost changes and transmission charges; costs associated with energy efficiency programs in New Hampshire and Massachusetts, as directed by the NHPUC and MDPU; recovery of the ongoing costs of storm repairs incurred by Unitol Energy and Fitchburg; and the actual wholesale energy costs for electric power and gas incurred by each of the three companies. Fitchburg, Unitol Energy and Northern Utilities have been, and remain in full compliance with all directives and orders regarding these filings. The Company considers these to be routine regulatory proceedings, and there are no material issues outstanding.

**Fitchburg - Massachusetts Request for Proposals (RFPs)** - Pursuant to Section 83C of "An Act to Promote Energy Diversity" (2016) (the Act), the Massachusetts electric distribution companies (EDCs), including Fitchburg, are required to jointly procure a total of 1,600 MW of offshore wind by June 30, 2027. Under Section 83D of the Act, the EDCs are required to jointly seek proposals for cost-effective clean energy (hydroelectric, solar and land-based wind) long-term contracts via one or more staggered solicitations for a total of 9,450,000 megawatt-hours (MWh) by December 31, 2022. Fitchburg's pro rata share of these contracts is approximately 1%.

The EDCs issued the RFP for Section 83D Long-Term Contracts in March 2017, and power purchase agreements (PPAs) for 9,554,940 MWh of hydroelectric generation and associated environmental attributes from Hydro-Quebec Energy Services (U.S.), Inc. were filed in July 2018 for approval by the MDPU. On June 25, 2019, the MDPU approved the PPAs, including the EDCs' proposal to sell the energy procured under the contract into the ISO-NE wholesale market and to credit or charge the difference between the contract costs and the ISO-NE market revenue to customers. The MDPU also approved the EDCs' request for remuneration equal to 2.75% of the contract payments, as well as the EDCs' proposal to recover costs associated with the contracts. On January 13, 2023, NECEC Transmission LLC (NECEC), the company with which Fitchburg and the other EDCs entered into transmission service agreements (TSAs) for the delivery of the Hydro-Quebec energy, provided a letter to the EDCs purporting to give notice of a "change in applicable law" related to a Maine ballot initiative and requesting a negotiated amendment to the TSAs including a price adjustment. On June 27, 2023, NECEC sent a letter to the EDCs seeking schedule relief also in accordance with their "change in law" determination. The EDCs are evaluating NECEC's requests.

Section 83C of "An Act Relative to Green Communities," St. 2008, c. 169, as amended by St. 2016, c. 188, § 12 ("Section 83C") requires the EDCs to jointly and competitively solicit proposals for offshore wind energy generation not later than June 30, 2017. The EDCs issued an initial RFP pursuant to Section 83C in June 2017. On July 23, 2018, the EDCs, filed two long-term contracts with Vineyard Wind, each for 400 MW of offshore wind energy generation, for approval by the MDPU. On April 12, 2019, the MDPU approved the offshore wind energy generation PPAs, including the EDCs' proposal to sell the energy procured under the contract into the ISO-NE wholesale market and to credit or charge the difference between the contract costs and the ISO-NE market revenue to customers. The EDCs issued a second RFP pursuant to Section 83C to procure an additional 800 MW of offshore wind energy generation in May 2019. The EDCs filed for approval of two PPAs with Mayflower Wind Energy LLC (now known as SouthCoast Wind), each for 400 MW of offshore wind energy generation, on February 10, 2020. On November 5, 2020, the MDPU approved the PPAs. In both cases, the MDPU approved the EDCs' request for remuneration equal to 2.75% of the contract payments, as well as the EDCs' proposal to recover costs associated with the contracts. In April 2023, SouthCoast Wind engaged with the EDCs to explore options to mitigate impacts of global resource constraints and pricing challenges associated with the PPAs from this procurement. They cited an inability to finance the project within the terms set out in the PPA. The EDCs negotiated a termination agreement with SouthCoast Wind which was filed with the MDPU for approval on August 28, 2023 and which received approval on September 30, 2023.

In accordance with "An Act to Advance Clean Energy" (2018) the Massachusetts Department of Energy Resources (DOER) recommended that the EDCs solicit up to 1,600 MW in additional offshore wind in 2022 and 2024. On May 7, 2021, the EDCs issued a third RFP for up to an additional 1,600 MW of off shore wind generation. On May 25, 2022, the EDCs sought approval of PPAs with Commonwealth Wind for 1,200 MW and with SouthCoast Wind for 400 MW. On December 16, 2022, Commonwealth Wind filed a motion requesting that the MDPU dismiss proceedings related to the approval of its contract, arguing that, due to various economic conditions, its contracts with the EDCs would no longer facilitate the financing of offshore wind energy generation. On December 30, 2022, the MDPU denied Commonwealth's motion and approved the PPAs. The MDPU also approved the EDCs' request for remuneration equal to 2.25

% as reasonable and in the public interest. On January 19, 2023, Commonwealth Wind filed a Petition for Appeal with the Massachusetts Supreme Judicial Court seeking to set aside and vacate the MDPU's Order approving the PPAs. In April 2023, SouthCoast Wind engaged with the EDCs to explore options to mitigate global resource constraints and pricing challenges associated with their PPAs from this procurement. SouthCoast Wind noted challenges around an inability to finance the projects under the current terms. The EDCs negotiated termination agreements with Commonwealth Wind and SouthCoast Wind and submitted the agreements to the MDPU for approval on July 13, 2023 and August 28, 2023, respectively. The MDPU approved both termination agreements on September 30, 2023.

In connection with the termination agreements from the second and third solicitations, the Company received termination payments totaling \$1.1 million from Commonwealth Wind and SouthCoast Wind which is recorded as a regulatory liability on the Company's Consolidated Balance Sheets to be flowed back to customers. On October 12, 2023, Commonwealth Wind requested that the case with the Supreme Court be entered as dismissed. Concurrently, Commonwealth Wind announced publicly they could not finance the project under the terms of the PPA.

In 2021, the MA legislature increased the total solicitation target (including future solicitations) for offshore wind energy generation to 5,600 MW by June 30, 2027. On August 30, 2023, the EDCs issued a fourth offshore wind RFP seeking to procure at least 400 MW and up to the maximum amount remaining of the statutory requirement under Section 83C of 5,600 MW of Offshore Wind Energy Generation, and taking into account offshore wind generation under contract at the time when proposals are due. Bidders are allowed to offer proposals of at least 200 MW up to 2,400 MW of offshore wind generation. On January 18, 2024, the EDCs notified the MDPU that they are extending the bid submission date and subsequent solicitation schedule dates by an additional 56 days each to allow bidders the opportunity to gain more certainty around their eligibility for the investment tax credit and factor it into their proposals. The submission date was revised to March 27, 2024. The EDCs received a number of bids from three separate developers on March 27, 2024, and are engaged in reviewing the bids for completeness and threshold eligibility before moving into quantitative evaluation and qualitative scoring. The selection date is scheduled for August 7, 2024.

**Unitil Energy/Northern Utilities - 2024-2026 Triennial Energy Efficiency Plan - New Hampshire** - On November 30, 2023, the NHPUC approved the changes to New Hampshire's ratepayer-funded energy efficiency program offerings for the 2024-2026 period requested by New Hampshire's electric and gas utilities.

**FERC Transmission Formula Rate Proceedings**- Pursuant to Section 206 of the Federal Power Act, there are several pending proceedings before the FERC concerning the justness and reasonableness of the Return on Equity (ROE) component of the ISO-New England, Inc. Participating Transmission Owners' (PTOs) Regional Network Service and Local Network Service formula rates. In August 2013, FERC had found that the Transmission Owners existing ROE was unlawful, and set a new ROE. On April 14, 2017, the U.S. Court of Appeals for the D.C. Circuit (the Court) issued an opinion vacating and remanding FERC's decision, finding that FERC had failed to articulate a satisfactory explanation for its orders. At this time, the ROE set in the vacated order will remain in place until further FERC action is taken. On November 21, 2019 the FERC issued an order in EL14-12, Midcontinent Independent System Operator ROE, in which FERC outlined a new methodology for calculating the ROE. The New England Transmission Owners (NETOs) thereafter filed a motion to reopen the record in their pending ROE dockets, which has been granted. This matter remains pending. The Company does not believe these proceedings will have a material adverse effect on its financial condition or results of operations.

On December 13, 2022, RENEW Northeast, Inc., a non-profit entity that advocates for the business interests of renewable power generators in New England filed a complaint with FERC against ISO-NE and the PTOs requesting a determination that certain open-access transmission tariff schedules are unjust and unreasonable to the extent they permit PTOs to directly assign to interconnection customers O&M costs associated with network upgrades. Fitchburg and Unitil Energy are PTOs, although Unitil Energy does not own transmission plant. The PTOs answered the complaint on January 23, 2023. This matter remains pending. The Company does not believe these proceedings will have a material adverse effect on its financial condition or results of operations.

### **Legal Proceedings**

The Company is involved in legal and administrative proceedings and claims of various types, including those which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material effect on its financial position, operating results or cash flows.

### **NOTE 7 – ENVIRONMENTAL MATTERS**

**UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 8 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2023 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 13, 2024.**

#### **Environmental Matters**

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company is in material compliance with applicable environmental and safety laws and

regulations and, as of March 31, 2024, has not identified any material losses reasonably likely to be incurred in excess of recorded amounts. However, the Company cannot assure that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs. Based on its current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

**Northern Utilities Manufactured Gas Plant Sites** - Northern Utilities has an extensive program to identify, investigate and remediate former manufactured gas plant (MGP) sites, which were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. In Maine, Northern Utilities has documented the presence of MGP sites in Lewiston and Portland, and a former MGP disposal site in Scarborough.

Northern Utilities has worked with the New Hampshire Department of Environmental Services (NH DES) and Maine Department of Environmental Protection to address environmental concerns with these sites. Northern Utilities or others have completed remediation activities at all sites; however, on site monitoring continues at several sites which may result in future remedial actions as directed by the applicable regulatory agency.

The Company is awaiting a decision from the NH DES regarding three remediation alternatives, submitted to the NH DES in December 2022, regarding groundwater contaminants at the Rochester site. In anticipation of the probable NH DES approval of one of the remediation alternatives and subsequent request for project design, the Company has accrued \$2.5 million for estimated costs to complete the remediation at the Rochester site, which is included in Environmental Obligations on the Company's Consolidated Balance Sheets. The Company has determined that the high end of the range of reasonably possible remediation costs for the Rochester site could be \$5.6 million based on remediation alternatives. Due to extended regulatory review time periods, Northern Utilities anticipates the commencement of remediation activities in 2025.

The NHPUC and MPUC have approved regulatory mechanisms for the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC has approved the recovery of MGP environmental costs over succeeding seven-year periods. For Northern Utilities' Maine division, the MPUC has authorized the recovery of environmental remediation costs over succeeding five-year periods.

The Environmental Obligations table includes amounts accrued for Northern Utilities related to estimated future cleanup costs associated with Northern Utilities' environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

**Fitchburg's Manufactured Gas Plant Site** - Fitchburg has worked with the Massachusetts Department of Environmental Protection (MA DEP) to address environmental concerns with the former MGP site at Sawyer Passway, and has substantially completed remediation activities, though on site monitoring and any related remediation continues. In April 2020, Fitchburg received notification from the Massachusetts Department of Transportation (MA DOT) that a portion of the site may be incorporated into the proposed Twin City Rail Trail with an anticipated commencement date in 2025. Depending upon the final agreement between Fitchburg and MA DOT, additional minor costs are expected prior to completion.

The Company is awaiting a decision regarding an Immediate Response Action (IRA) plan with three remediation alternatives, submitted to the MA DEP in October 2023, regarding contaminants in the sediment and riverbank of an abutting watercourse, and observed river seep. In anticipation of the DEP accepting one of the remediation alternatives, Fitchburg has accrued \$40,000 for estimated costs to complete the remediation at the Sawyer Passway site, which is included in Environmental Obligations on the Company's Consolidated Balance Sheets. The Company has determined that the high end of the range of reasonably possible remediation costs for the Sawyer Passway site could be \$3.5 million based on remediation alternatives. Fitchburg anticipates the commencement of remediation activities by the end of 2024.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods.

**Unitil Energy - Kensington Distribution Operations Center** - Unitil Energy conducted a Phase I and II environmental site assessment (ESA) in the second quarter of 2021 at its former distribution operations center in Kensington, NH. The Company is awaiting a decision on a report, submitted to the NH DES in June 2023, as to whether there is a need to conduct further investigation or remedial actions regarding the impacts of soil and groundwater contaminants identified in the ESA.

Unitil Energy anticipates the commencement of remediation activities in 2025. The Company does not believe this investigation will have a material adverse effect on its financial condition, results of operations or cash flows.

The following table sets forth a summary of changes in the Company's liability for Environmental Obligations for the three months ended March 31, 2024 and 2023.

Environmental Obligations (millions)	March 31,	
	2024	2023
<b>Total Balance at Beginning of Period</b>	\$ 4.6	\$ 4.4
Additions	0.3	0.5
Less: Payments / Reductions	0.1	0.2
<b>Total Balance at End of Period</b>	<b>4.8</b>	4.7
Less: Current Portion	0.7	0.6
<b>Noncurrent Balance at End of Period</b>	<b>\$ 4.1</b>	\$ 4.1

#### NOTE 8: INCOME TAXES

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

	For the Three Months Ended March 31,	
	2024	2023
<b>Statutory Federal Income Tax Rate</b>	<b>21 %</b>	21 %
<b>Income Tax Effects of:</b>		
State Income Taxes, net	6	6
Utility Plant Differences	(1)	(1)
<b>Effective Income Tax Rate</b>	<b>26 %</b>	26 %

Under the Company's Tax Sharing Agreement (the Agreement) which was approved upon the formation of Unitil as a public utility holding company, the Company files consolidated Federal and State tax returns and Unitil Corporation and each of its utility operating subsidiaries recognize the results of their operations in its tax returns as if it were a stand-alone taxpayer. The Agreement provides that the Company will account for income taxes in compliance with U.S. GAAP and regulatory accounting principles. The Company has evaluated its tax positions at March 31, 2024 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, de-recognition, settlement or foreseeable future events to any tax liabilities or assets as defined by the FASB Codification is required. The Company remains subject to examination by Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2022; December 31, 2021; and December 31, 2020.

Income tax filings for the year ended December 31, 2022 have been filed with the IRS, Massachusetts Department of Revenue, the Maine Revenue Service, and the New Hampshire Department of Revenue Administration. In the Company's federal tax returns for the year ended December 31, 2022 which were filed with the IRS in October 2023, the Company utilized federal Net Operating Loss Carryforward (NOLC) assets of \$1.4 million and \$0.2 million of federal tax credit carryforward. As of December 31, 2023, the Company recognized the utilization of approximately \$4.4 million of the NOLC asset and \$1.7 million of federal tax credits available to offset current taxes payable. In addition, at December 31, 2023, the Company had \$1.3 million of cumulative state tax credit carryforwards to offset future income taxes payable. If unused, the Company's state tax credit carryforwards will begin to expire in 2027.

On April 14, 2023, the IRS issued Revenue Procedure 2023-15 that provides a safe harbor method of accounting that taxpayers may use to determine whether to deduct or capitalize expenditures to repair, maintain, replace, or improve natural gas transmission and distribution property. Under the revenue procedure, the method of accounting will depend on the property's classification as linear transmission property, linear distribution property, or non-linear property. The revenue procedure may be adopted in tax years ending after May 1, 2023. The Company is evaluating the revenue procedure and the effect adopting the safe harbor would have on its property that is subject to this guidance.

In August 2022, the Inflation Reduction Act of 2022 (IRA) was signed into law. The IRA included new taxes on corporations, including the Corporate Alternative Minimum Tax (AMT) and the Excise Tax on Repurchase of Corporate Stock. The AMT is equal to 15% of a corporation's adjusted financial statement income (AFSI). The AMT applies to companies that have a 3 year average AFSI of greater than \$1

billion. The IRA also extended and modified certain renewable energy related credits. The Company has evaluated the provisions and determined that they do not have a material effect on the Company's financial statements as of March 31, 2024.

In December 2017, the Tax Cuts and Jobs Act (TCJA), which included a reduction to the corporate federal income tax rate to 21% effective January 1, 2018, was signed into law. In accordance with FASB Codification Topic 740, the Company revalued its Accumulated Deferred Income Taxes (ADIT) at the new 21% tax rate at which the ADIT will be reversed in future periods. Based on communications received by the Company from its state regulators in rate cases and other regulatory proceedings in the first quarter of 2018 and as prescribed in the TCJA, FERC guidance and IRS normalization rules, the benefit of protected excess ADIT amounts will be subject to flow back to customers in future utility rates according to the Average Rate Assumption Method (ARAM). ARAM reconciles excess ADIT at the reversal rate of the underlying book/tax temporary timing differences. The Company estimates the ARAM flow back period for protected and unprotected excess ADIT to be between fifteen and twenty years over the remaining life of the related utility plant. Subject to regulatory approval, the Company expects to flow back to customers a net \$47.1 million of protected excess ADIT created as a result of the lowering of the statutory tax rate by the TCJA over periods estimated to be fifteen to twenty years. As of March 31, 2024, the Company flowed back \$10.1 million to customers in its Massachusetts, Maine, New Hampshire, and federal jurisdictions.

#### NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation SERP to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 9 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2023 as filed with the SEC on February 13, 2024 for additional information regarding these plans.

The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

Used to Determine Plan Costs	2024	2023
Discount Rate	5.00 %	5.25 %
Rate of Compensation Increase	3.00 %	3.00 %
Expected Long-term rate of return on plan assets	7.50 %	7.50 %

The health care cost trend rate used to determine benefit plan costs for 2024 for pre-65 retirees is 8.00%, with an ultimate rate of 4.50% in 2033, and for post-65 retirees, the health care cost trend rate is 6.00%, with an ultimate rate of 4.50% in 2033. The health care cost trend rate used to determine benefit plan costs for 2023 for pre-65 retirees was 8.00%, with an ultimate rate of 4.50% in 2030, and for post-65 retirees, the health care cost trend rate was 6.25%, with an ultimate rate of 4.50% in 2030.

The following tables provide the components of the Company's Retirement plan costs (\$000's):

For the Three Months Ended March 31,	Pension Plan		PBOP Plan		SERP	
	2024	2023	2024	2023	2024	2023
Service Cost	\$ 497	\$ 523	\$ 497	\$ 373	\$ 54	\$ 63
Interest Cost	1,886	1,870	817	725	181	188
Expected Return on Plan Assets	(2,649)	(2,672)	(969)	(852)	—	—
Prior Service Cost Amortization	81	89	—	198	2	14
Actuarial Loss Amortization	362	—	(219)	(366)	—	0
Sub-total	177	(190)	126	78	237	265
Amounts Capitalized and Deferred	108	498	124	221	(73)	(82)
Net Periodic Benefit Cost Recognized	\$ 285	\$ 308	\$ 250	\$ 299	\$ 164	\$ 183

#### Employer Contributions

As of March 31, 2024, the Company had not made any contributions to its Pension Plan and PBOP Plan, respectively, in 2024. The Company, along with its subsidiaries, expects to make contributions to its Pension and PBOP Plans in 2024 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension and PBOP Plan costs.

As of March 31, 2024, the Company had made \$0.2 million of benefit payments under the SERP Plan in 2024. The Company presently anticipates making an additional \$0.5 million of benefit payments under the SERP Plan in 2024.



### ***Item 3. Quantitative and Qualitative Disclosures About Market Risk***

Reference is made to the “Interest Rate Risk” and “Market Risk” sections of Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (above).

### ***Item 4. Controls and Procedures***

Management of the Company, under the supervision and with the participation of the Company’s Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of March 31, 2024. Based upon this evaluation, the Company’s Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of March 31, 2024 that the Company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

There have been no changes in the Company’s internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) during the fiscal quarter covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### ***Item 1. Legal Proceedings***

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. Certain specific matters are discussed in Notes 6 and 7 to the Consolidated Financial Statements. In the opinion of Management, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material effect on the Company’s financial position.

### ***Item 1A. Risk Factors***

There have been no material changes to the risk factors disclosed in the Company’s Form 10-K for the year-ended December 31, 2023 as filed with the SEC on February 13, 2024.

### ***Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***

#### **Recent Sales of Unregistered Securities**

There were no sales of unregistered equity securities by the Company for the fiscal period ended March 31, 2024.

#### **Issuer Purchases of Equity Securities**

Pursuant to the Company’s written trading plan under Rule 10b5-1 under the Exchange Act, adopted and announced by the Company on June 1, 2023, the Company will periodically repurchase shares of its Common Stock on the open market to fulfill the required equity portion of the Directors’ annual retainer for those Directors who elected to receive common stock. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when \$614,000 in value of shares have been purchased or, if sooner, on May 31, 2024.

The Company may suspend or terminate this new trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

The following table provides information regarding repurchases by the Company of shares of its common stock pursuant to the trading plan for each month in the quarter ended March 31, 2024.



	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
1/1/24 – 1/31/24	—	—	—	\$ 547
2/1/24 – 2/28/24	—	—	—	\$ 547
3/1/24 – 3/31/24	—	—	—	\$ 547
Total	—	—	—	

**Item 5. Other Information**

(a) On May 7, 2024, the Company issued a press release announcing its results of operations for the three month period ended March 31, 2024. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

(c) During the quarter ended March 31, 2024, no director or officer (as defined in Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934) adopted or terminated a Rule 10b5-1 trading arrangement (as defined in Item 408(a)(1)(i) of Regulation S-K promulgated under the Securities Exchange Act of 1934) or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K promulgated under the Securities Exchange Act of 1934).

**Item 6. Exhibits**

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference*
10.1**	<a href="#">Unitil Corporation Third Amended and Restated 2003 Stock Plan</a>	<a href="#">Filed herewith</a>
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	<a href="#">Filed herewith</a>
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	<a href="#">Filed herewith</a>
31.3	<a href="#">Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	<a href="#">Filed herewith</a>
32.1	<a href="#">Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	<a href="#">Filed herewith</a>
99.1	<a href="#">Unitil Corporation Press Release Dated May 7, 2024 Announcing Earnings For the Quarter Ended March 31, 2024. EX-99.1</a>	<a href="#">Furnished herewith</a>
101.INS	Inline XBRL Instance Document. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.	<a href="#">Filed herewith</a>
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.	<a href="#">Filed herewith</a>

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Exhibit No.	Description of Exhibit	Reference*
104	Cover Page Interactive Data File – The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.	Filed herewith

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

\*\* This exhibit represents a management contract or compensatory plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

(Registrant)

Date: May 7, 2024

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/s/ Daniel J. Hurstak

Daniel J. Hurstak

Chief Financial Officer

Date: May 7, 2024

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/s/ Todd R. Diggins

Todd R. Diggins

Chief Accounting Officer

**Unitil Corporation  
Third Amended and Restated  
2003 Stock Plan**

**Exhibit 10.1**

**Effective: May 1, 2024**

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**Unitil Corporation  
Third Amended and Restated  
2003 Stock Plan**

**ARTICLE 1**

**Establishment, Objectives, and Duration**

**1.1 Establishment of the Plan.** Unitil Corporation, a corporation organized and existing under New Hampshire law (the "Company"), hereby establishes an incentive compensation plan to be known as the "Unitil Corporation Third Amended and Restated 2003 Stock Plan" (hereinafter referred to as the "Plan"). The Plan permits the grant of shares of common stock and Restricted Stock Units (the "Shares"). The Plan first became effective on January 1, 2003 and was previously known as the "Unitil Corporation 2003 Restricted Stock Plan." On March 24, 2011, the Plan was amended and restated to permit the granting of Restricted Stock Units, to change the name of the Plan to the "Unitil Corporation Amended and Restated 2003 Stock Plan," and to make other non-material revisions. On April 19, 2012, the Plan was again amended, restated and renamed, and became effective on April 19, 2012. The Plan, as further amended, restated and renamed, will become effective on May 1, 2024, if approved by the Company's shareholders at the Company's 2024 Annual Meeting of Shareholders. The Plan shall remain in effect as provided in Section 1.3 hereof.

**1.2 Objectives of the Plan.** The objectives of the Plan are to optimize the profitability and growth of the Company through incentives which are consistent with the Company's goals and which link the personal interests of Participants to those of the Company's shareholders; to provide Participants with an incentive for excellence in individual performance; and to promote teamwork among Participants.

**1.3 Duration of the Plan.** The Plan shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Article 14 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions.

**ARTICLE 2**

**Definitions**

Whenever used in the Plan, the following terms shall have the meanings set forth below, and, when the meaning is intended, the initial letter of the word shall be capitalized:

**2.1 "Affiliate"** means any parent or subsidiary of the Company which meets the requirements of Section 424 of the Code.

**2.2 "Award"** means, individually or collectively, an award under this Plan of Shares or Restricted Stock Units.

**2.3 “Award Agreement”** means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards made under the Plan.

**2.4 “Board”** means the Board of Directors of the Company.

**2.5 “Change in Control”** means the satisfaction of any one or more of the following conditions (and the “Change in Control” shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied):

(a) the Company receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Rule 13(d) of the Exchange Act, disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of 25% or more of the outstanding Shares;

(b) any “person” (as such term is used in Section 13(d) of the Exchange Act), group, corporation or other entity other than the Company or a wholly-owned subsidiary of the Company, purchases Shares pursuant to a tender offer or exchange offer to acquire any Shares (or securities convertible into Shares) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of the outstanding Shares (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire Shares);

(c) consummation of a transaction which involves (1) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation, or pursuant to which Shares of the Company would be converted into cash, securities or other property (except where the Company’s shareholders before such transaction will be the owners of more than 75% of all classes of voting securities of the surviving entity); or (2) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company.

(d) there shall have been a change in a majority of the members of the Board within a 25-month period, unless the election or nomination for election by the Company’s shareholders of each new director was approved by the vote of at least two-thirds of the directors then still in office who were in office at the beginning of the 25-month period.

**2.6 “Code”** means the Internal Revenue Code of 1986, as amended from time to time.

**2.7 “Committee”** means (i) the Compensation Committee of the Board, as specified in Article 3 herein, or (ii) such other Committee appointed by the Board to administer the Plan (or aspects thereof) with respect to grants of Awards except (a) as may be prohibited by applicable law, the Company’s Articles of Incorporation or the Company’s By-Laws or (b) as may conflict with the authority that the Board has delegated to another Committee appointed by the Board.

**2.8 “Company”** means Unital Corporation, a corporation organized and existing under New Hampshire law, and any successor thereto as provided in Article 17 herein.

**2.9 “Consultant”** means an independent contractor who is performing consulting services for one or more entities in the Group and who is not an employee of any entity in the Group.

**2.10 “Director”** means a member of the Board or a member of the board of directors of an Affiliate.

**2.11 “Director Participant”** means a Participant who receives an Award for his or her services as a Director.

**2.12 “Disability”** shall have the meaning ascribed to such term in the long-term disability plan maintained by the Company, or if no such plan exists, at the discretion of the Committee.

**2.13 “Dividend Equivalents”** shall have the meaning ascribed to such term in Section 7.5 hereof.

**2.14 “Employee”** means any employee of the Group, including any employees who are also Directors.

**2.15 “Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

**2.16 “Fair Market Value”** means as of any date, the closing price based upon composite transactions on a national stock exchange for one Share or, if no sales of Shares have taken place on such date, the closing price on the most recent date on which selling prices were quoted. In the event the Company’s Shares are no longer traded on a national stock exchange, Fair Market Value shall be determined in good faith by the Committee.

**2.17 “Group”** means the Company and its Affiliates.

**2.18 “Named Executive Officer”** means a Participant who, as of the date of vesting of an Award, is one of the group of “covered employees,” as defined in the regulations promulgated under Code Section 162(m), or any successor section.

**2.19 “Nonemployee Director”** shall have the meaning ascribed to such term in Rule 16b-3 of the Exchange Act.

**2.20 “Outside Director”** shall have the meaning ascribed to such term under the regulations promulgated with respect to Code Section 162(m).

**2.21 “Participant”** means a current or former Employee, Director, or Consultant who has outstanding an Award granted under the Plan.

**2.22 “Performance-Based Exception”** means the performance-based exception from the tax deductibility limitations of Code Section 162(m).

**2.23 “Period(s) of Restriction”** means the period (or periods) during which the transfer of Shares or Restricted Stock Units are limited in some way (based on the passage of time, the

achievement of performance goals, or upon the occurrence of other events as determined by the Committee, at its discretion), and the Shares or Restricted Stock Units are subject to a substantial risk of forfeiture.

**2.24 “Plan”** shall have the meaning ascribed to such term in Section 1.1 hereof.

**2.25 “Restricted Stock” or “Restricted Share”** means an Award of Shares granted to a Participant pursuant to Article 6 herein subject to a Period(s) of Restriction.

**2.26 “Restricted Stock Unit”** means an Award granted to a Participant pursuant to Article 7 herein.

**2.27 “RSU Election”** shall have the meaning ascribed to such term in section 7.1 hereof.

**2.28 “Shares”** means the shares of common stock (no par value) of the Company.

**2.29 “Termination of Service”** means, (i) if an Employee, termination of employment with all entities in the Group, (ii) if a Director, termination of service on the Board and the board of directors of any Affiliate, as applicable, and (iii) if a Consultant, termination of the consulting relationship with all entities in the Group; provided, however, that if a Participant serves the Group in more than one of the above capacities, Termination of Service shall mean termination of service in all such capacities; provided, however, that with respect to any Restricted Stock Units that constitute deferred compensation for purposes of Code Section 409A, the term Termination of Service shall mean “separation from service,” as that term is used in Code Section 409A.

### **ARTICLE 3**

#### **Administration**

**3.1 The Committee.** The Plan shall be administered by the Committee. To the extent the Company deems it to be necessary or desirable with respect to any Awards made hereunder, the members of the Committee may be limited to Nonemployee Directors or Outside Directors, who shall be appointed from time to time by, and shall serve at the discretion of, the Board.

**3.2 Authority of the Committee.** Except as limited by law or by the Articles of Incorporation or the By-laws of the Company, and subject to the provisions herein, the Committee shall have full power to select the persons who shall participate in the Plan; determine the sizes of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to Participants; establish, amend, or waive rules and regulations for the Plan’s administration as they apply to Participants; and (subject to the provisions of Article 14 herein) amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate its authority as identified herein.



**3.3 Decisions Binding.** All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its shareholders, Affiliates, Participants, and their estates and beneficiaries.

## ARTICLE 4

### Shares Subject to the Plan and Maximum Awards

#### 4.1 Number of Shares Available for Grants.

(a) Subject to adjustment as provided in Section 4.2, the maximum number of Shares available for Awards to Participants under the Plan shall be 1,027,500 Shares. The 1,027,500 Shares referred to in the immediately preceding sentence includes 177,500 Shares initially made available for Awards to Participants under the Plan, 500,000 Shares added to the Plan as of April 19, 2012, and 350,000 Shares added to the Plan as of May 1, 2024. To the extent all or any portion of an Award expires before vesting, is forfeited, or is paid in cash, the Shares subject to such portion of the Award shall again be available for issuance under the Plan. For avoidance of doubt, if Shares are returned to the Company in satisfaction of taxes relating to a Restricted Stock Award, such issued Shares shall not become available again under the Plan.

(b) The maximum aggregate number of Shares or Restricted Stock Units that may be granted in any one calendar year to any one Participant shall be 20,000, subject to adjustment in accordance with Section 4.2.

**4.2 Adjustments in Authorized Shares.** In the event of an equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation) affecting the Shares, such as a stock dividend, stock split, spin off, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Committee shall authorize and make an equitable adjustment to the number and kind of Shares that may be delivered pursuant to Section 4.1 and, in addition, may authorize and make an equitable adjustment to the Award limit set forth in Section 4.1(b). In the event of any other change in corporate capitalization, such as a merger, consolidation, reorganization or partial or complete liquidation of the Company, the Committee may, in its sole discretion, authorize and make such proportionate adjustments, if any, as the Committee shall deem appropriate to prevent dilution or enlargement of rights, including, without limitation, an adjustment in the maximum number and kind of Shares or Restricted Stock Units that may be delivered pursuant to Section 4.1 and in the Award limit set forth in Section 4.1(b). The number of Shares or Restricted Stock Units subject to any Award shall always be rounded to the nearest whole number, with one-half (1/2) of a share rounded up to the next higher number.

## ARTICLE 5

### Eligibility and Participation

**5.1 Eligibility.** Persons eligible to participate in this Plan include all Employees, Directors and Consultants of the Group.

**5.2 Actual Participation.** Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees, Directors and Consultants those to whom Awards shall be made and shall determine the nature and amount of each Award.

## ARTICLE 6

### Stock Awards

**6.1 Grant of Stock Awards.** Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares to Participants in such amounts as the Committee shall determine and subject to any restrictions the Committee may deem appropriate.

**6.2 Stock Award Agreement.** Each grant of Shares shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, if any, the number of Shares granted, and such other provisions as the Committee shall determine.

**6.3 Transferability.** Except as provided in this Article 6, the Shares granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of any applicable Period(s) of Restriction established by the Committee and specified in the Award Agreement.

#### **6.4 Restrictions.**

(a) Subject to the terms hereof, the Committee shall impose such conditions and/or restrictions on any Shares granted pursuant to the Plan as it may deem advisable and as are expressly set forth in the Award Agreement including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share, restrictions based upon the achievement of specific performance goals (Company-wide, divisional, and/or individual), time-based restrictions, and/or restrictions under applicable federal or state securities laws. For purposes of Awards granted under this Article 6, the period(s) that the Shares are subject to such conditions and/or restrictions shall be referred to as the "Period(s) of Restriction."

(b) The Participant shall execute appropriate stock powers in blank and such other documents as the Committee shall prescribe.

(c) Subject to restrictions under applicable law or as may be imposed by the Company, Shares covered by each Award made under the Plan shall become freely transferable by the Participant after the last day of any applicable Period(s) of Restriction.

**6.5 Voting Rights.** During any Period(s) of Restriction, subject to any limitations imposed under the By-laws of the Company, Participants holding Shares granted hereunder may exercise full voting rights with respect to those Shares.

**6.6 Dividends and Other Distributions.** During any Period(s) of Restriction, Participants holding Shares granted hereunder may be credited with regular dividends paid with respect to the underlying Shares while they are so held. The Committee may apply any restrictions to the dividends that the Committee deems appropriate and as are expressly set forth in the Award Agreement. Without limiting the generality of the preceding sentence, if the grant or vesting of Shares granted to a Named Executive Officer is designed to comply with the requirements of the Performance-Based Exception, the Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to such Shares, such that the dividends and/or the Shares maintain eligibility for the Performance-Based Exception.

## ARTICLE 7

### Restricted Stock Units

**7.1 Grant of Restricted Stock Units.** Subject to the terms and provisions of the Plan (a) the Committee, at any time and from time to time, may grant Restricted Stock Units to Participants in such amounts as the Committee shall determine and (b) to the extent permitted by the Committee, Director Participants may elect to receive Restricted Stock Units in lieu of Shares (an "RSU Election") that such Director Participant otherwise would receive for services on the Board. Each Restricted Stock Unit Award shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction/vesting schedule (if any), the number of Restricted Share Units granted, and such other provisions as the Committee shall determine. A Restricted Stock Unit is a notional unit of measurement denominated in Shares (*i.e.*, one Restricted Stock Unit is equivalent in value to one Share), which represents an unfunded, unsecured right to receive Shares or a cash amount equal to the Fair Market Value of the Shares that would have been received (as specified in the applicable RSU Agreement) on the terms and conditions set forth herein and in the applicable RSU Agreement.

**7.2 RSU Elections.** Any RSU Election will be made in the manner determined by the Committee. Notwithstanding the foregoing, an RSU Election shall only be effective if (a) the RSU Election was made in the calendar year prior to the calendar year in which the services to which the Shares and Restricted Stock Units relate are performed, (b) the RSU Election was made within 30 days of a Director Participant first becoming eligible to participate in the Plan and such RSU Election is limited to compensation earned following the date of such election, or (c) the Committee determined the RSU Election otherwise constitutes a compliant deferral election under Code Section 409A. Once a Director Participant makes an RSU Election, such election shall remain in place until revoked or changed by the Director Participant in accordance with procedures determined by the Committee. Any such revocation or change will only be effective with respect to Shares and Restricted Stock Units relating to service in calendar years following such revocation or change, unless otherwise provided by the Committee.

**7.3 Vesting.** The Committee shall, in its discretion, determine any vesting requirements with respect to a Restricted Stock Unit Award, which shall be set forth in the Award Agreement. The requirements for vesting of a Restricted Stock Unit Award may be based on the continued service of the Participant for a specified time period (or periods) and/or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. A Restricted Stock Unit Award may also be granted on a fully vested basis, with a deferred payment date as may be determined by the Committee or elected by the Participant in accordance with the rules established by the Committee.

**7.4 Settlement of Restricted Stock Units.** Restricted Stock Units shall be settled (*i.e.*, paid out) at the time or times determined by the Committee and set forth in the Award Agreement, which may be upon or following the vesting of the Award. Restricted Stock Units that constitute deferred compensation for purposes of Code Section 409A shall only be settled on dates or events that comply with Code Section 409A. If Restricted Stock Units are settled in cash, the payment with respect to each Restricted Stock Unit shall be determined by reference to the Fair Market Value of one Share on the day immediately prior to the settlement date. Restricted Stock Unit Award Agreements may provide for payment to be made in cash or in Shares, or in a combination thereof.

**7.5 Dividend Equivalents.** Restricted Stock Units may be granted, at the discretion of the Committee, with or without the right to receive Dividend Equivalents with respect to the Restricted Stock Units. A Dividend Equivalent is an unfunded, unsecured right to receive (or be credited with) an amount equal to the regular cash dividend payments (if any) the Participant would have been entitled to had he or she held the number of Shares underlying the Restricted Stock Units on the record date of any regular cash dividend on the Shares. The Committee may apply any terms, restrictions or conditions on the Dividend Equivalents as it deems appropriate (including, without limitation, deferring payment of the Dividend Equivalents until the related Restricted Stock Units are settled or converting Dividend Equivalents to additional Restricted Stock Units). Any such terms, restrictions or conditions shall be set forth in the Restricted Stock Unit Award Agreement.

**7.6 No Rights as Stockholder.** The Participant shall not have any voting or other rights as a stockholder with respect to the Shares underlying Restricted Stock Units until such time as Shares may be delivered to the Participant pursuant to the terms of the Award.

## ARTICLE 8

### Termination of Service

Each Award Agreement shall set forth the effect that Termination of Service shall have upon that Award. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for Termination of Service; provided, however, that the following shall automatically apply to the extent different provisions are not expressly set forth in a Participant's Award Agreement:

(a) Upon a Termination of Service for any reason other than death, retirement or Disability, all unvested Restricted Shares shall be forfeited as of the termination date.

(b) Upon a Termination of Service as a result of the Participant's death, retirement or Disability, all unvested Restricted Shares shall vest as of the termination date.

## **ARTICLE 9**

### **Restrictions on Shares**

All Shares issued pursuant to Awards granted hereunder, and a Participant's right to receive Shares upon vesting or settlement of an Award, shall be subject to all applicable restrictions contained in the Company's By-laws, shareholders agreement or insider trading policy, and any other restrictions imposed by the Committee, including, without limitation, restrictions under applicable securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and restrictions under any blue sky or state securities laws applicable to such Shares.

## **ARTICLE 10**

### **Performance Measures**

If an Award is subject to Code Section 162(m) and the Committee determines that such Award should be designed to comply with the Performance-Based Exception, the performance measure(s), the attainment of which determine the degree of vesting, to be used for purposes of such Awards shall be chosen from among earnings per share, economic value added, market share (actual or targeted growth), net income (before or after taxes), operating income, return on assets (actual or targeted growth), return on capital (actual or targeted growth), return on equity (actual or targeted growth), return on investment (actual or targeted growth), revenue (actual or targeted growth), share price, stock price growth, total shareholder return, or such other performance measures as are duly approved by the Committee and the Company's shareholders.

## **ARTICLE 11**

### **Beneficiary Designation**

Subject to the terms and conditions of the Plan and the applicable Award Agreement, each Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom Shares under the Plan are to be transferred in the event of the Participant's death. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing during the Participant's lifetime with the party chosen by the Company, from time to time, to administer the Plan. In the absence of any such designation, Shares shall be paid to the Participant's estate following his death.

## ARTICLE 12

### Rights of Participants

**12.1 Continued Service.** Nothing in the Plan shall:

(a) interfere with or limit in any way the right of the Company to terminate any Participant's employment, service as a Director, or service as a Consultant with the Group at any time, or

(b) confer upon any Participant any right to continue in the service of any member of the Group as an Employee, Director or Consultant.

**12.2 Participation.** Participation is determined by the Committee. No person shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive a future Award.

## ARTICLE 13

### Change in Control

Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, any restrictions and transfer limitations imposed on Restricted Shares shall immediately lapse and any unvested Restricted Stock Units shall immediately become vested.

## ARTICLE 14

### Amendment or Termination

The Board may at any time and from time to time amend or terminate the Plan or any Award hereunder in whole or in part; provided, however, that no amendment which requires shareholder approval in order for the Plan to continue to comply with any applicable tax or securities laws or regulations, or the rules of any securities exchange on which the securities of the Company are listed, shall be effective unless such amendment shall be approved by the requisite vote of shareholders of the Company entitled to vote thereon; provided further that no such amendment or termination shall adversely affect any Award hereunder without the consent of the Participant.

## ARTICLE 15

### Withholding

**15.1 Tax Withholding.** The Company shall have the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any taxes required by

federal, state, or local law or regulation to be withheld with respect to any taxable event arising in connection with an Award.

**15.2 Share Withholding.** Participants may elect, subject to the approval of the Committee, to satisfy all or part of such withholding requirement by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

## **ARTICLE 16**

### **Indemnification**

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company to the fullest extent permitted by applicable law against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification is subject to the person having been successful in the legal proceedings or having acted in good faith and what is reasonably believed to be a lawful manner in the Company's best interests. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

## **ARTICLE 17**

### **Successors**

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

## ARTICLE 18

### Miscellaneous

**18.1 Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

**18.2 Severability.** In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**18.3 Requirements of Law.** The granting of Awards and the issuance of Shares under the Plan shall be subject to, and may be made contingent upon satisfaction of, all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**18.4 Governing Law.** To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the state of New Hampshire.

**18.5 Section 409A Compliance.** To the extent applicable, it is intended that the Plan and all Awards of Restricted Stock Units comply with the requirements of Section 409A, and the Plan and the Restricted Stock Unit Award Agreements shall be interpreted accordingly.

(a) If it is determined that all or a portion of a Restricted Stock Unit Award constitutes deferred compensation for purposes of Code Section 409A, and if the Participant is a “specified employee” (as defined in Code Section 409A(a)(2)(B)(i)) at the time of the Participant’s separation from service (as that term is used in Code Section 409A), then, to the extent required under Section 409A, any Shares or cash that would otherwise be paid upon the Grantee’s separation from service in respect of the Restricted Stock Units (including any related Dividend Equivalents that constitute deferred compensation for purposes of Section 409A) shall instead be paid on the earlier of (i) the first business day of the sixth month following the date of the Participant’s separation from service (as that term is used in Code Section 409A) or (ii) the Grantee’s death.

(b) If it is determined that all or a portion of a Restricted Stock Unit Award constitutes deferred compensation for purposes of Code Section 409A, upon a Change in Control that does not constitute a “change in the ownership” or a “change in the effective control” of the Company or a “change in the ownership of a substantial portion of a corporation’s assets” (as those terms are used in Code Section 409A), the Restricted Stock Units shall vest at the time of the Change in Control to the extent so provided Article 13, but settlement of any Restricted Stock Units (and payment of any related Dividend Equivalents Payments) that constitute deferred compensation for purposes of Code Section 409A shall not be accelerated (*i.e.*, payment shall occur when it would have occurred absent the Change in Control).



**CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas P. Meissner, Jr., certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

/s/ Thomas P. Meissner, Jr.

Thomas P. Meissner, Jr.  
Chief Executive Officer

**CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel J. Hurstak, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Unital Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

/s/ Daniel J. Hurstak

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Daniel J. Hurstak  
Chief Financial Officer

**CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Todd R. Diggins, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Unital Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

/s/ Todd R. Diggins

Todd R. Diggins

Chief Accounting Officer

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Unitil Corporation (the "Company") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Thomas P. Meissner, Jr., Chief Executive Officer, Daniel J. Hurstak, Chief Financial Officer and Todd R. Diggins, Chief Accounting Officer, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Thomas P. Meissner, Jr</u> Thomas P. Meissner, Jr.	Chief Executive Officer	May 7, 2024
<u>/s/ Daniel J. Hurstak</u> Daniel J. Hurstak	Chief Financial Officer	May 7, 2024
<u>/s/ Todd R. Diggins</u> Todd R. Diggins	Chief Accounting Officer	May 7, 2024

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**FOR RELEASE****Unitil Reports First Quarter Earnings**

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**HAMPTON, N.H., MAY 7, 2024** -- Unitil Corporation (NYSE: UTL) ([unitil.com](http://unitil.com)) today announced Net Income of \$27.2 million, or \$1.69 in Earnings Per Share (EPS), for the quarter ended March 31, 2024, an increase of \$3.1 million in Net Income, or \$0.18 in EPS, compared to the same period in 2023. The Company's Electric and Gas GAAP Gross Margins were \$20.1 million and \$50.2 million, respectively, for the first quarter of 2024.

"We continued to deliver on our commitments to stakeholders with strong operational and financial performance in the first quarter" said Thomas P. Meissner, Jr., Unitil's Chairman and Chief Executive Officer. "Our successful response to multiple winter storms, steady progress on regulatory initiatives, and disciplined approach to cost management reflect the Company's focus on our strategic priorities and creating long-term sustainable value."

Electric GAAP Gross Margin was \$20.1 million in the three months ended March 31, 2024, a decrease of \$0.2 million compared to the same period in 2023. The decrease was driven by higher depreciation and amortization expense of \$0.6 million, partially offset by higher rates and customer growth of \$0.4 million.

Electric Adjusted Gross Margin (a non-GAAP financial measure<sup>1</sup>) was \$27.1 million in the first quarter of 2024, an increase of \$0.4 million compared to the same period in 2023. This increase reflects higher rates and customer growth.

Gas GAAP Gross Margin was \$50.2 million in the three months ended March 31, 2024, an increase of \$5.4 million compared to the same period in 2023. The increase was driven by higher rates and customer growth of \$6.5 million, partially offset by the unfavorable effects of warmer winter weather in 2024 of \$0.4 million and higher depreciation and amortization of \$0.7 million.

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<sup>1</sup> The accompanying Supplemental Information more fully describes the non-GAAP financial measures used in this press release and includes a reconciliation of the non-GAAP financial measures to the financial measures that the Company's management believes are the most comparable GAAP financial measures. The Supplemental Information also includes a discussion of the changes in the most comparable GAAP financial measures for the periods presented.

Gas Adjusted Gross Margin (a non-GAAP financial measure<sup>1</sup>) was \$61.0 million in the first quarter of 2024, an increase of \$6.1 million compared to the same period in 2023, driven by higher rates and customer growth of \$6.5 million, partially offset by the unfavorable effects of warmer winter weather in 2024 of \$0.4 million.

Operation and Maintenance expenses increased \$0.1 million in the three months ended March 31, 2024, compared to the same period in 2023. The increase reflects higher utility operating costs.

Depreciation and Amortization expense increased \$1.3 million in the three months ended March 31, 2024, compared to the same period in 2023, reflecting additional depreciation associated with higher levels of utility plant in service and higher amortization of storm costs and other deferred costs.

Taxes Other Than Income Taxes increased \$0.4 million in the three months ended March 31, 2024, compared to the same period in 2023, reflecting higher local property taxes on higher utility plant in service and higher payroll taxes.

Other Expense (Income), Net increased \$0.3 million in the three months ended March 31, 2024, compared to the same period in 2023, reflecting higher retirement benefit costs.

Interest Expense, Net increased \$0.2 million in the three months ended March 31, 2024, compared to the same period in 2023, primarily reflecting higher interest expense on short-term borrowings and higher levels of long-term debt, partially offset by higher interest income on regulatory assets and other.

Federal and State Income Taxes increased \$1.1 million for the three months ended March 31, 2024 compared to the same period in 2023, reflecting higher pre-tax earnings in 2024.

At its January 2024 and May 2024 meetings, the Unitil Corporation Board of Directors declared quarterly dividends on the Company's common stock of \$0.425 per share. These quarterly dividends result in a current effective annualized dividend rate of \$1.70 per share, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

The Company's earnings are seasonal and are typically higher in the first and fourth quarters when customers use natural gas for heating purposes.

The Company will hold a quarterly conference call to discuss first quarter 2024 results on Tuesday, May 7, 2024, at 10:00 a.m. Eastern Time. This call is being webcast. This call, financial and other statistical information contained in the Company's presentation on this call, and information required by Regulation G regarding non-GAAP financial measures can be accessed in the Investor Relations section of Unitil's website, [unitil.com](http://unitil.com).

#### About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering electricity and natural gas in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to the delivery of dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 108,500 electric customers and 88,400 natural gas customers. For more information about our people, technologies, and community involvement please visit [unitil.com](http://unitil.com).

#### Forward-Looking Statements

This press release may contain forward-looking statements. All statements, other than statements of historical fact, included in this press release are forward-looking statements. Forward-looking statements include declarations regarding Unitil's beliefs and current expectations. These forward-looking statements are subject to the inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include the following: Unitil's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, the demand for, and the prices of, energy commodities and transmission and transportation capacity and Unitil's ability to recover energy commodity costs in its rates; customers' preferred energy sources; severe storms and Unitil's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; unforeseen or changing circumstances, which could adversely affect the reduction of company-wide direct greenhouse gas emissions; Unitil's ability to retain its existing customers and attract new customers; increased competition; and other risks detailed in Unitil's filings with the Securities and Exchange Commission. These forward looking statements speak only as of the date they are made. Unitil undertakes no obligation, and does not intend, to update these forward-looking statements except as required by law.

#### **For more information please contact:**

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Supplemental Information; Non-GAAP Financial Measures

The Company analyzes operating results using Electric and Gas Adjusted Gross Margins, which are non-GAAP financial measures. Electric Adjusted Gross Margin is calculated as Total Electric Operating Revenue less Cost of Electric Sales. Gas Adjusted Gross Margin is calculated as Total Gas Operating Revenues less Cost of Gas Sales. The Company's management believes Electric and Gas Adjusted Gross Margins provide useful information to investors regarding profitability. Also, the Company's management believes Electric and Gas Adjusted Gross Margins are important measures to analyze revenue from the Company's ongoing operations because the approved cost of electric and gas sales are tracked, reconciled and passed through directly to customers in electric and gas tariff rates, resulting in an equal and offsetting amount reflected in Total Electric and Gas Operating Revenue.

In the following tables the Company has reconciled Electric and Gas Adjusted Gross Margin to GAAP Gross Margin, which we believe to be the most comparable GAAP financial measure. GAAP Gross Margin is calculated as Revenue less Cost of Sales, and Depreciation and Amortization. The Company calculates Electric and Gas Adjusted Gross Margin as Revenue less Cost of Sales. The Company believes excluding Depreciation and Amortization, which are period costs and not related to volumetric sales, is a meaningful measure to inform investors of the Company's profitability from electric and gas sales in the period.

**Three Months Ended March 31, 2024 (\$ millions)**

	<b>Electric</b>		<b>Gas</b>		<b>Other</b>		<b>Total</b>
Total Operating Revenue	\$ 73.6	\$	105.1	\$	—	\$	178.7
Less: Cost of Sales	(46.5)		(44.1)		—		(90.6)
Less: Depreciation and Amortization	(7.0)		(10.8)		(0.2)		(18.0)
GAAP Gross Margin	20.1		50.2		(0.2)		70.1
Depreciation and Amortization	7.0		10.8		0.2		18.0
Adjusted Gross Margin	\$ 27.1	\$	61.0	\$	—	\$	88.1

**Three Months Ended March 31, 2023 (\$ millions)**

	<b>Electric</b>		<b>Gas</b>		<b>Other</b>		<b>Total</b>
Total Operating Revenue	\$ 108.2	\$	112.0	\$	—	\$	220.2
Less: Cost of Sales	(81.5)		(57.1)		—		(138.6)
Less: Depreciation and Amortization	(6.4)		(10.1)		(0.2)		(16.7)
GAAP Gross Margin	20.3		44.8		(0.2)		64.9
Depreciation and Amortization	6.4		10.1		0.2		16.7
Adjusted Gross Margin	\$ 26.7	\$	54.9	\$	—	\$	81.6

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Selected financial data for 2024 and 2023 is presented in the following table:

<b>Unitil Corporation - Condensed Consolidated Financial Data</b>			
<i>(Millions, except Per Share data) (Unaudited)</i>			
	<b>Three Months Ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>
<b>Electric kWh Sales:</b>			
Residential	179.9	181.3	(0.8%)
Commercial/Industrial	230.0	228.5	0.7%
<b>Total Electric kWh Sales</b>	<b>409.9</b>	<b>409.8</b>	—
<b>Gas Therm Sales:</b>			
Residential	21.2	21.9	(3.2%)
Commercial/Industrial	68.5	69.4	(1.3%)
<b>Total Gas Therm Sales</b>	<b>89.7</b>	<b>91.3</b>	<b>(1.8%)</b>
<b>Electric Revenues</b>			
	\$ 73.6	\$ 108.2	\$ (34.6)
Cost of Electric Sales	46.5	81.5	(35.0)
<b>Electric Adjusted Gross Margin</b> <b>(a non-GAAP financial measure<sup>1</sup>):</b>	<b>27.1</b>	<b>26.7</b>	<b>0.4</b>
<b>Gas Revenues</b>			
	105.1	112.0	(6.9)
Cost of Gas Sales	44.1	57.1	(13.0)
<b>Gas Adjusted Gross Margin</b> <b>(a non-GAAP financial measure<sup>1</sup>):</b>	<b>61.0</b>	<b>54.9</b>	<b>6.1</b>
<b>Total Adjusted Gross Margin:</b> <b>(a non-GAAP financial measure<sup>1</sup>):</b>	<b>88.1</b>	<b>81.6</b>	<b>6.5</b>
Operation & Maintenance Expenses	18.2	18.1	0.1
Depreciation & Amortization	18.0	16.7	1.3
Taxes Other Than Income Taxes	7.7	7.3	0.4
Other Expense (Income), Net	0.3	—	0.3
Interest Expense, Net	7.3	7.1	0.2
<b>Income Before Income Taxes</b>	<b>36.6</b>	<b>32.4</b>	<b>4.2</b>
Provision for Income Taxes	9.4	8.3	1.1
<b>Net Income</b>	<b>\$ 27.2</b>	<b>\$ 24.1</b>	<b>\$ 3.1</b>
<b>Earnings Per Share</b>	<b>\$ 1.69</b>	<b>\$ 1.51</b>	<b>\$ 0.18</b>

