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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K**

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

For the fiscal year ended December 31, 2020

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)

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

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

**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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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  Accelerated filer  Non-accelerated filer  Smaller reporting company

Emerging growth company

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 762(b)) by the registered public accounting firm that prepared or issued its audit report

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

Based on the closing price of the registrant's common stock on June 30, 2020, the aggregate market value of common stock held by non-affiliates of the registrant was \$663,233,171.

The number of shares of the registrant's common stock outstanding was 15,013,542 as of January 29, 2021.

**Documents Incorporated by Reference:**

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 28, 2021 are incorporated by reference into Part III of this Report.

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**FORM 10-K**  
**For the Fiscal Year Ended December 31, 2020**  
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In this Annual Report on Form 10-K, the “Company”, “Unitil”, “we”, “us”, “our” and similar terms refer to Unitil Corporation and its subsidiaries, unless the context requires otherwise.

### **CAUTIONARY STATEMENT**

This report and the documents incorporated by reference into this report contain statements that may 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 future operations of the Company (as such term is defined in Part I, Item I (Business)), 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 I, Item 1A (Risk Factors) and the following:

- the coronavirus (COVID-19) pandemic (the coronavirus pandemic) could adversely affect the Company’s business, financial condition, results of operations and cash flows, including by disrupting the Company’s employees’ and contractors’ ability to provide ongoing services to the Company, by reducing customer demand for electricity or natural gas, or by reducing the supply of electricity or natural gas;
- 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;
- fluctuations in the supply of, demand for, and the prices of, gas and electric energy commodities and transmission and transportation capacity and the Company’s ability to recover energy supply costs in its rates;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- declines in capital markets 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;
- 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;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- 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;

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- 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 us 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;
- 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;
- catastrophic events;
- 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****Item 1. Business****UNITIL CORPORATION**

In this Annual Report on Form 10-K, the “Company”, “Unitil”, “we”, and “our” refer to Unitil Corporation and its subsidiaries, unless the context requires otherwise. Unitil is a public utility holding company incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly-owned subsidiaries of Unitil:

<u>Company Name</u>	<u>State and Year of Organization</u>	<u>Principal Business</u>
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Natural Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services

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 natural gas to 192,651 customers throughout its service territories in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities: i) 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, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural 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. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil’s three distribution utilities serve 107,077 electric customers and 85,574 natural gas customers.

	<u>Customers Served as of December 31, 2020</u>		
	<u>Residential</u>	<u>Commercial &amp; Industrial (C&amp;I)</u>	<u>Total</u>
<b>Electric:</b>			
Unitil Energy	65,955	11,249	77,204
Fitchburg	25,865	4,008	29,873
Total Electric	91,820	15,257	107,077
<b>Natural Gas:</b>			
Northern Utilities	52,863	16,541	69,404
Fitchburg	14,462	1,708	16,170
Total Natural Gas	67,325	18,249	85,574
<b>Total Customers Served</b>	<b>159,145</b>	<b>33,506</b>	<b>192,651</b>

Unitil had an investment in Net Utility Plant of \$1,193.2 million at December 31, 2020. Unitil’s total operating revenue was \$418.6 million in 2020. Unitil’s operating revenue is substantially derived from regulated natural gas and electric distribution utility operations. A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy, but

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currently has limited business and operating activities. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier for Unitil Energy in 2003 and divested substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

Unitil has three other wholly-owned non-utility subsidiaries: Unitil Service, Unitil Realty, and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource), which the Company divested in the first quarter of 2019, were indirect subsidiaries that were wholly-owned by Unitil Resources. Usource provided energy brokering and advisory services to large commercial and industrial customers in the northeastern United States. See additional discussion of the divestiture of Usource in "Divestiture of Non-Regulated Business Subsidiary" in Note 1 (Summary of Significant Accounting Policies) to the Consolidated Financial Statements. For segment information relating to each segment's revenue, earnings and assets, see Note 3 (Segment Information) to the Consolidated Financial Statements included in Part II, Item 8 (Financial Statements and Supplementary Data) of this report. All of the Company's revenues are attributable to customers in the United States of America and all its long-lived assets are located in the United States of America.

## **OPERATIONS**

### **Natural Gas Operations**

Unitil's natural gas operations include gas distribution utility operations and interstate gas transmission pipeline operations. Revenue from Unitil's gas operations was \$191.4 million in 2020, which represents about 46% of Unitil's total operating revenue. The Company's GAAP Gas Gross Margin was \$92.8 million in 2020. The Company's Gas Adjusted Gross Margin (a non-GAAP measure) was \$122.6 million in 2020, or 57% of Unitil's total Adjusted Gross Margin. See "Results of Operations" in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) for a discussion of the non-GAAP measures presented in this Annual Report on Form 10-K, including a reconciliation of the non-GAAP measures to the most comparable GAAP measures for the periods presented.

### **Natural Gas Distribution Utility Operations**

Unitil's natural gas distribution operations are conducted through two of the Company's operating utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas utility operations is the local distribution of natural gas to customers in its service territories in New Hampshire, Massachusetts and Maine. Northern Utilities' C&I customers and Fitchburg's residential and C&I customers are entitled to purchase their natural gas supply from third-party competitive suppliers, while Northern Utilities or Fitchburg remains their gas distribution company. Both Northern Utilities and Fitchburg supply gas to those customers who do not obtain their supply from third-party competitive suppliers, with the approved costs associated with this gas supply recovered on a pass-through basis through regulated reconciling rate mechanisms that are periodically adjusted.

Natural gas is distributed by Northern Utilities to 69,404 customers in 47 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine to the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the auto, housing, rubber, printing, textile, pharmaceutical, electronics, wire and food production industries as well as a military installation. Northern Utilities' 2020 gas operating revenue was \$150.9 million, of which approximately 38% was derived from residential firm sales and 62% from C&I firm sales.

Natural gas is distributed by Fitchburg to 16,170 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's

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industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2020 gas operating revenue was \$34.0 million, of which approximately 59% was derived from residential firm sales and 41% from C&I firm sales.

### **Gas Transmission Pipeline Operations**

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State had operating revenue of \$6.5 million in 2020. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and to third-party suppliers.

### **Electric Distribution Utility Operations**

Unitil's electric distribution operations are conducted through two of the Company's utilities, Unitil Energy, and Fitchburg. Revenue from Unitil's electric utility operations was \$227.2 million in 2020, which represents about 54% of Unitil's total operating revenue. The Company's GAAP Electric Gross Margin was \$69.1 million in 2020. The Company's Electric Adjusted Gross Margin (a non-GAAP measure) was \$92.9 million in 2020, or 43% of Unitil's total Adjusted Gross Margin. See "Results of Operations" in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) for a discussion of the non-GAAP measures presented in this Annual Report on Form 10-K, including a reconciliation of the non-GAAP measures to the most comparable GAAP measures for the periods presented.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. All of Unitil Energy's and Fitchburg's electric customers are entitled to choose to purchase their supply of electricity from third-party competitive suppliers, while Unitil Energy and Fitchburg remain their electric distribution company. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party competitive suppliers, with the approved costs associated with electricity supply being recovered on a pass-through basis through regulated reconciling rate mechanisms that are periodically adjusted.

Unitil Energy distributes electricity to 77,204 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns, and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. Unitil Energy's service territory encompasses retail and recreation centers for the central and southeastern parts of the state and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wire and plastics, healthcare and education. Unitil Energy's 2020 electric operating revenue was \$159.4 million, of which approximately 58% was derived from residential sales and 42% from C&I sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the greater Fitchburg area of north central Massachusetts. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is distributed by Fitchburg to 29,873 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies, printing, publishing and associated industries, and educational institutions. Fitchburg's 2020 electric operating revenue was \$67.8 million, of which approximately 61% was derived from residential sales and 39% from C&I sales.

### **Seasonality**

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the colder weather seasons of the year as a result of higher sales of natural gas used for heating related purposes. Accordingly, the results of operations

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are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions and the temperature in both the winter and summer seasons.

Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

### **Non-Regulated and Other Non-Utility Operations**

Unitil's non-regulated operations were conducted through Usource, a subsidiary of Unitil Resources. The Company divested Usource in the first quarter of 2019. Usource provided energy brokering and advisory services to large commercial and industrial customers in the northeastern United States. See additional discussion of the divestiture of Usource in "Divestiture of Non-Regulated Business Subsidiary" in Note 1 (Summary of Significant Accounting Policies) to the Consolidated Financial Statements.

The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company, are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported, after intercompany eliminations, in Other segment income. For segment information, see Note 3 (Segment Information) to the Consolidated Financial Statements included in Part II, Item 8 (Financial Statements and Supplementary Data) of this report.

## **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 also are 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 Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the 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 natural 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 a historical test year, and earn a return on their capital investment in utility assets. In addition, the Company's distribution utilities and its natural gas transmission pipeline company may recover certain base rate costs, including capital project spending and enhanced reliability and vegetation management programs, through annual step adjustments and cost tracking rate mechanisms.

Fitchburg is subject to revenue decoupling. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural 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 the current portion of 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. The Company estimates that revenue decoupling applies to approximately 27% and 11% of Unitil's total annual electric and natural gas sales volumes, respectively.

Also see Note 7 (Energy Supply) and Note 8 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on rates and regulation.



## **EMPLOYEES**

Unitil's commitment to excellence begins with its employees. As of December 31, 2020, the Company and its subsidiaries had 512 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions. Unitil's employees are focused on the Company's mission to safely and reliably deliver "energy for life" and provide customers with affordable and sustainable energy solutions.

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 in order 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.

Employees at Unitil have the opportunity to be heard. 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 December 31, 2020, a total of 165 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 December 31, 2020:

	<u>Employees Covered</u>	<u>CBA Expiration</u>
Fitchburg	42	05/31/2022
Northern Utilities NH Division	37	06/07/2025
Northern Utilities ME Division	37	03/31/2021
Granite State	4	03/31/2021
Unitil Energy	40	05/31/2023
Unitil Service	5	05/31/2023

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.

## **AVAILABLE INFORMATION**

The Internet address for the Company's website is [www.unitil.com](http://www.unitil.com). On the Investors section of the Company's website, the Company makes available, free of charge, its Securities and Exchange Commission (SEC) reports, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practical after the Company electronically files such material with, or furnishes such material to, the SEC.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL".

## **INVESTOR INFORMATION**

### **Annual Meeting**

The Company's annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Wednesday, April 28, 2021, at 11:30 a.m.

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### **Transfer Agent**

The Company's transfer agent, Computershare Investor Services, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare Investor Services  
P.O. Box 505005  
Louisville, KY 40233-5005  
Telephone: 800-736-3001  
[www.computershare.com/investor](http://www.computershare.com/investor)

### **Investor Relations**

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investors page at [www.unitil.com](http://www.unitil.com); or contact the transfer agent, Computershare, at the number listed above.

### **Special Services & Shareholder Programs Available to Holders of Record**

If a shareholder's shares of our common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at [www.computershare.com/investor](http://www.computershare.com/investor).
- Dividend Reinvestment and Stock Purchase Plan:  
To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:  
To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:  
For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

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

When considering an investment in our securities, investors should consider the following risk factors, as well as the information contained under the caption "Cautionary Statement" immediately following the Table of Contents in this Annual Report on Form 10-K. Additional risks not presently known to the Company or that the Company currently believes are immaterial may also impair business operations and financial results. If any of the following risks actually occur, the Company's business, financial condition or results of operations could be adversely affected. In such case, the trading price of the Company's common stock could decline and investors could lose all or part of their investment. The risk factors below are categorized by operational, regulatory, financial and general.

#### **OPERATIONAL RISKS**

***A substantial disruption or lack of growth in interstate natural gas pipeline transmission and storage capacity and electric transmission capacity may impair the Company's ability to meet customers' existing and future requirements.***

In order to meet existing and future customer demands for natural gas and electricity, the Company must acquire sufficient supplies of natural gas and electricity. In addition, the Company must contract for reliable and adequate upstream transmission and transportation capacity for its distribution systems while considering the dynamics of the natural gas interstate pipelines and storage, the electric transmission markets and its own on-system resources. The Company's financial condition or results of operations may be adversely affected if the future availability of natural gas and electric supply were insufficient to meet future customer demands for natural gas and electricity.

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***The Company's electric and natural gas distribution activities (including storing natural gas and supplemental gas supplies) involve numerous hazards and operating risks that may result in accidents and other operating risks and costs. Any such accident or costs could adversely affect the Company's financial position or results of operations.***

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, including leaks, explosions, electrocutions, mechanical problems and aging infrastructure. These hazards and risks could result in loss of human life, significant damage to property, environmental pollution, damage to natural resources and impairment of the Company's operations, which could adversely affect the Company's financial position or results of operations.

The Company maintains insurance against some, but not all, of these risks and losses in accordance with customary industry practice. The location of pipelines, storage facilities and electric distribution equipment near populated areas (including residential areas, commercial business centers and industrial sites) could increase the level of damages associated with these hazards and operating risks. The occurrence of any of these events could adversely affect the Company's financial position or results of operations.

***The Company's operational and information systems on which it relies to conduct its business and serve customers could fail to function properly due to technological problems, a cyber-attack, acts of terrorism, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other reasons, that could disrupt the Company's operations and cause the Company to incur unanticipated losses and expense.***

The operation of the Company's extensive electric and natural gas systems rely on evolving information technology systems and network infrastructure that are likely to become more complex as new technologies and systems are developed. The Company's business is highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex. The failure of these information systems and networks could significantly disrupt operations; result in outages and/or damages to the Company's assets or operations or those of third parties on which it relies; and subject the Company to claims by customers or third parties, any of which could have a material effect on the Company's financial condition, results of operations, and cash flows.

The Company's information systems, including its financial information, operational systems, metering, and billing systems, require constant maintenance, modification, and updating, which can be costly and increases the risk of errors and malfunction. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues, the diversion of management's and employees' attention and resources, and could negatively affect the effectiveness of the Company's control environment, and/or the Company's ability to timely file required regulatory reports. Despite implementation of security and mitigation measures, all of the Company's technology systems are vulnerable to impairment or failure due to cyber-attacks, computer viruses, human errors, acts of war or terrorism and other reasons. If the Company's information technology systems were to fail or be materially impaired, the Company might be unable to fulfill critical business functions and serve its customers, which could have a material effect on the Company's financial condition, results of operations, and cash flows.

In the ordinary course of its business, the Company collects and retains sensitive electronic data including personal identification information about customers and employees, customer energy usage, and other confidential information. The theft, damage, or improper disclosure of sensitive electronic data through security breaches or other means could subject the Company to penalties for violation of applicable privacy laws or claims from third parties and could harm the Company's reputation and adversely affect the Company's financial condition and results of operations.

In addition, the Company's electric and natural gas distribution and transmission delivery systems are part of an interconnected regional grid and pipeline system. If these neighboring interconnected systems were to be disrupted due to cyber-attacks, computer viruses, human errors, acts of war or terrorism or other reasons, the Company's operations and its ability to serve its customers would be adversely affected, which could have a material effect on the Company's financial condition, results of operations, and cash flows.

***We outsource certain business functions to third-party suppliers and service providers, and substandard performance by those third parties could harm our business, reputation and results of operations.***

We outsource certain services to third parties in areas including information technology, telecommunications, networks, transaction processing, human resources, payroll and payroll processing and other areas. Outsourcing of services to third parties could expose us 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. We also continue to pursue enhancements to modernize our systems and processes. If any difficulties in the operation of these systems were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers or employees.

***The inability to attract and retain a qualified workforce including, but not limited to, executive officers, key employees and employees with specialized skills, could have an adverse effect on the Company's operations.***

The success of our business depends on the leadership of our executive officers and other key employees to implement our business strategies. The inability to maintain a qualified workforce including, but not limited to, executive officers, key employees and employees with specialized skills, may negatively affect our ability to service our existing or new customers, or successfully manage our business or achieve our business objectives. There may not be sufficiently skilled employees available internally to replace employees when they retire or otherwise leave active employment. Shortages of certain highly skilled employees may also mean that qualified employees are not available externally to replace these employees when they are needed. In addition, shortages in highly skilled employees coupled with competitive pressures may require the Company to incur additional employee recruiting and compensation expenses.

***The Company may be adversely affected by work stoppages, labor disputes, and/or pandemic illness to which it may not be able to promptly respond.***

Approximately one-third of the Company's employees are represented by labor unions and are covered by collective bargaining agreements. Disputes with the unions over terms and conditions of the agreements could result in instability in the Company's labor relationships and work stoppages that could affect the timely delivery of natural gas and electricity, which could strain relationships with customers and state regulators and cause a loss of revenues. The Company's collective bargaining agreements may also increase the cost of employing its union workforce, affect its ability to continue offering market-based salaries and employee benefits, limit its flexibility in dealing with its workforce, and limit its ability to change work rules and practices and implement other efficiency-related improvements to successfully compete in today's challenging marketplace, which may negatively affect the Company's financial condition and results of operations.

Additionally, pandemic illness could result in part, or all, of the Company's workforce being unable to operate or maintain the Company's infrastructure or perform other tasks necessary to conduct the Company's business. A slow or inadequate response to this type of event may adversely affect the Company's financial condition, results of operations, and cash flows.

***The coronavirus outbreak could adversely affect Unital's business, financial conditions, results of operations and cash flows.***

In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, the virus spread to several other countries and infections have been reported globally. The extent to which the coronavirus affects Unital's financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of the coronavirus, and the actions to contain the coronavirus or treat its effect, among others. In particular, the continued spread of the coronavirus could adversely affect Unital's business, including (i) by disrupting

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Unitil's employees and contractors ability to provide ongoing services to Unitil, (ii) by reducing customer demand for electricity or gas, or (iii) by reducing the supply of electricity or gas, each of which could have an adverse effect on Unitil's financial condition, results of operations, and cash flows.

### **REGULATORY RISKS**

***The Company is subject to comprehensive regulation, which could adversely affect the rates it is able to charge, its authorized rate of return and its ability to recover costs. In addition, certain regulatory authorities have the statutory authority to impose financial penalties and other sanctions on the Company, which could adversely affect the Company's financial condition, results of operations, and cash flows.***

The Company is subject to comprehensive regulation by federal regulatory authorities (including the FERC) and state regulatory authorities (including the NHPUC, MDPU and MPUC). These authorities regulate many aspects of the Company's operations, including the rates that the Company can charge customers, the Company's authorized rates of return, the Company's ability to recover costs from its customers, construction and maintenance of the Company's facilities, the Company's safety protocols and procedures, including environmental compliance, the Company's ability to issue securities, the Company's accounting matters, and transactions between the Company and its affiliates. The Company is unable to predict the effect on its financial condition and results of operations from the regulatory activities of any of these regulatory authorities. Changes in regulations, the imposition of additional regulations, regulatory proceedings regarding fossil fuel use and system electrification, or regulatory decisions particular to the Company could adversely affect the Company's financial condition and results of operations.

The Company's ability to obtain rate adjustments to maintain its current authorized rates of return depends upon action by regulatory authorities under applicable statutes, rules and regulations. These regulatory authorities are authorized to leave the Company's rates unchanged, to grant increases in such rates, or to order decreases in such rates. The Company may be unable to obtain favorable rate adjustments or to maintain its current authorized rates of return, which could adversely affect its financial condition, results of operations, and cash flows.

Regulatory authorities also have authority with respect to the Company's ability to recover its electricity and natural gas supply costs, as incurred by Unitil Power, Unitil Energy, Fitchburg, and Northern Utilities. If the Company is unable to recover a significant amount of these costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition, results of operations, or cash flows could be adversely affected.

In addition, certain regulatory authorities have the statutory authority to impose financial penalties and other sanctions on the Company if the Company is found to have violated statutes, rules or regulations governing its utility operations. Any such penalties or sanctions could adversely affect the Company's financial condition, results of operations, and cash flows.

***The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. New, or changes to existing, environmental regulation, including those related to climate change or greenhouse gas emissions, and the incurrence of environmental liabilities could adversely affect the Company's financial condition, results of operations, and cash flows.***

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural resources, and the health and safety of the Company's employees. The Company's utility operations also may be subject to new and emerging federal, state and local legislative and regulatory initiatives related to climate change or greenhouse gas emissions including the U.S. Environmental Protection Agency's mandatory greenhouse gas reporting rule. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties and other sanctions; imposition of remedial requirements; and issuance of injunctions to ensure future compliance. Liability under certain environmental laws and regulations is strict, joint and several in nature. Although the Company believes it is

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in material compliance with all applicable environmental and safety laws and regulations, we cannot assure you that the Company will not incur significant costs and liabilities in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, including those related to climate change or greenhouse gas emissions, could result in increased environmental compliance costs.

### **FINANCIAL RISKS**

***The Company may not be able to obtain financing, or may not be able to obtain financing on acceptable terms, which could adversely affect the Company's financial condition and results of operations.***

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the Company derives the capital necessary to meet these requirements primarily from internally-generated funds, the Company supplements internally generated funds by incurring short-term and long-term debt, as needed. Additionally, from time to time the Company has accessed the public capital markets through public offerings of equity securities. A downgrade of our credit rating or events beyond our control, such as a disruption in global capital and credit markets, could increase our cost of borrowing and cost of capital or restrict our ability to access the capital markets and negatively affect our ability to maintain and to expand our businesses.

The Company's short-term debt revolving credit facility typically has variable interest rates. Therefore, an increase or decrease in interest rates will increase or decrease the Company's interest expense associated with its revolving credit facility. An increase in the Company's interest expense could adversely affect the Company's financial condition and results of operations. As of December 31, 2020, the Company had approximately \$54.7 million in short-term debt outstanding under its revolving credit facility. If the lending counterparties under the Company's current credit facility are unwilling or unable to meet their funding obligations, the Company may be unable to, or limited in its ability to, incur short-term debt under its credit facility. This situation could hinder or prevent the Company from meeting its current and future capital needs, which could correspondingly adversely affect the Company's financial condition, results or operations, and cash flows.

Also, from time to time the Company repays portions of its short-term debt with the proceeds it receives from long-term debt financings or equity financings. General economic conditions, conditions in the capital and credit markets and the Company's operating and financial performance could negatively affect the Company's ability to obtain such financings or the terms of such financings, which could correspondingly adversely affect the Company's financial condition, results of operations, and cash flows. The Company's long-term debt typically has fixed interest rates. Therefore, changes in interest rates will not affect the Company's interest expense associated with its presently outstanding fixed rate long-term debt. However, an increase or decrease in interest rates may increase or decrease the Company's interest expense associated with any new fixed rate long-term debt issued by the Company, which could adversely affect the Company's financial condition, results of operations, and cash flows.

The Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could adversely affect its financial condition, results of operations, and cash flows.

***Changes in taxation and the ability to quantify such changes could adversely affect the Company's financial results.***

The Company is subject to taxation by the various taxing authorities at the federal, state and local levels where it does business. See "Tax Cuts and Jobs Act of 2017" in "Rates and Regulation" section. Legislation or regulation which could affect the Company's tax burden could be enacted by any of these governmental authorities. The Company cannot predict the timing or extent of such tax-related developments which could have a negative effect on the financial results. The Company uses its best judgment in attempting to quantify and reserve for these tax obligations. However, a challenge by a taxing authority, the Company's ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates. (See Note 9 (Income Taxes) to the Consolidated Financial Statements.)

***Declines in capital market valuations could require the Company to make substantial cash contributions to cover its pension and other post-retirement benefit obligations. If the Company is unable to recover a significant amount of pension and other post-retirement benefit obligation costs in its rates, or if the Company's recovery of these costs in its rates is significantly delayed, its financial condition and results of operations could be adversely affected.***

The amount of cash contributions the Company is required to make in respect of its pension and other post-retirement benefit obligations is dependent upon the valuation of the capital markets. Adverse changes in capital market valuations could result in the Company being required to make substantial cash contributions in respect to these obligations. These cash contributions could have an adverse effect on the Company's financial condition, results of operations, and cash flows if the Company is unable to recover such costs in rates or if such recovery is significantly delayed. See section titled *Critical Accounting Policies—Retirement Benefit Obligations* in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 10 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements for a more detailed discussion of the Company's pension obligations.

***The terms of the Company's and its subsidiaries' indebtedness restrict the Company's and its subsidiaries' business operations (including their ability to incur material amounts of additional indebtedness), which could adversely affect the Company's financial condition and results of operations.***

The terms of the Company's and its subsidiaries' indebtedness impose various restrictions on the Company's business operations, including the ability of the Company and its subsidiaries to incur additional indebtedness. These restrictions could adversely affect the Company's financial condition, results of operations, and cash flows. See sections titled *Liquidity, Commitments and Capital Requirements* in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 5 (Debt and Financing Arrangements) to the accompanying Consolidated Financial Statements for a more detailed discussion of these restrictions.

***Unitil is a public utility holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure that its current annual dividend will be paid in the future.***

The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory authorities.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations.

As of February 2, 2021, the Company's current effective annualized dividend is \$1.52 per share of common stock, payable quarterly. The Company's Board of Directors reviews Unitil's dividend policy periodically in light of a number of business and financial factors, including those referred to in this report, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

## GENERAL RISKS

***The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may adversely affect the Company's customers and correspondingly the Company's financial condition, results of operations, and cash flows.***

The Company's business is influenced by the economic activity within its service territory. The level of economic activity in the Company's electric and natural gas distribution service territories directly affects the Company's business. As a result, adverse changes in the economy may adversely affect the Company's financial condition, results or operations, and cash flows. Economic downturns or periods of high electric and gas supply costs typically can lead to the development of legislative and regulatory policy designed to promote reductions in energy consumption and increased energy efficiency and self-generation by customers. This focus on conservation, energy efficiency and self-generation may result in a decline in electricity and gas sales in our service territories. If any such declines were to occur without corresponding adjustments in rates, our revenues would be reduced and our future growth prospects would be limited. In addition, a period of prolonged economic weakness could affect our customers' ability to pay bills in a timely manner and increase customer bankruptcies, which may lead to increased bad debt expenses or other adverse effects on our financial position, results of operations, and cash flows.

***A significant amount of the Company's sales are temperature sensitive. Because of this, mild winter and summer temperatures could decrease the Company's sales, which could adversely affect the Company's financial condition and results of operations. Also, the Company's sales may vary from year to year depending on weather conditions, and the Company's results of operations generally reflect seasonality.***

The Company estimates that approximately 70% of its annual natural gas sales are temperature sensitive. Therefore, mild winter temperatures could decrease the amount of natural gas sold by the Company, which could adversely affect the Company's financial condition, results of operations, and cash flows. The Company's electric sales also are temperature sensitive, but less so than its natural gas sales. The highest usage of electricity typically occurs in the summer months (due to air conditioning demand) and the winter months (due to heating-related and lighting requirements). Therefore, mild summer temperatures and mild winter temperatures could decrease the amount of electricity sold by the Company, which could adversely affect the Company's financial condition, results of operations, and cash flows. Also, because of this temperature sensitivity, sales by the Company's distribution utilities vary from year to year, depending on weather conditions.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the colder weather seasons of the year as a result of higher sales of natural gas used for heating related purposes. 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 result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions and the temperature in both the winter and summer seasons.

***Catastrophic events could adversely affect the Company's financial condition and results of operations.***

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could inhibit the Company's ability to deliver electricity or natural gas to its customers for an extended period, which could affect customer satisfaction and adversely affect the Company's financial condition, results of operations, and cash flows. If customers, legislators, or regulators develop a negative opinion of the Company, this situation could result in increased regulatory oversight and could affect the equity returns that the Company is allowed to earn. Also, if the Company is unable to recover in its rates a significant amount of costs associated with catastrophic events, or if the Company's recovery of such costs in its rates is significantly delayed, the Company's financial condition, results or operations, or cash flows may be adversely affected.



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*The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers, or if customers' demand for its current products and services significantly decreases.*

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base and the demand that those customers have for the Company's products and services. The Company's failure to maintain or increase its customer base and/or customer demand for its products and services could adversely affect its financial condition, results of operations, and cash flows.

The natural gas and electricity supply requirements of the Company's customers are fulfilled by the Company or, in some instances and as allowed by state regulatory authorities, by third-party suppliers who contract directly with customers. In either scenario, significant increases in natural gas and electricity commodity prices may negatively affect the Company's ability to attract new customers and grow its customer base.

Developments in distributed generation, energy conservation, power generation and energy storage could affect the Company's revenues and the timing of the recovery of the Company's costs. Advancements in power generation technology are improving the cost-effectiveness of customer self-supply of electricity. Improvements in energy storage technology, including batteries and fuel cells, could also better position customers to meet their around-the-clock electricity requirements. Such developments could reduce customer purchases of electricity, but may not necessarily reduce the Company's investment and operating requirements due to the Company's obligation to serve customers, including those self-supply customers whose equipment has failed for any reason, to provide the power they need. In addition, because a portion of the Company's costs are recovered through charges based upon the volume of power delivered, reductions in electricity deliveries will affect the timing of the Company's recovery of those costs and may require changes to the Company's rate structures.

### **Item 1B. Unresolved Staff Comments**

None.

### **Item 2. Properties**

As of December 31, 2020, Unitil owned through its natural gas and electric distribution utilities, five utility operating centers located in New Hampshire, Maine and Massachusetts; including our new operating center in Exeter, New Hampshire. The Company's real estate subsidiary, Unitil Realty, owns the Company's corporate headquarters building and the land on which it is located in Hampton, New Hampshire.

The following tables detail certain of the Company's natural gas and electric operations properties.

#### **Natural Gas Operations**

<b>Description</b>	<b>Northern Utilities</b>			<b>Granite State</b>	<b>Total</b>
	<b>NH</b>	<b>ME</b>	<b>Fitchburg</b>		
Underground Natural Gas Mains—Miles	568	604	274	—	1,446
Natural Gas Transmission Pipeline—Miles	—	—	—	86	86
Service Pipes	24,240	23,216	11,193	—	58,649

#### **Electric Operations**

<b>Description</b>	<b>Unitil Energy</b>	<b>Fitchburg</b>	<b>Total</b>
Primary Transmission and Distribution Pole Miles—Overhead	1,293	454	1,747
Conduit Distribution Bank Miles—Underground	235	68	303
Transmission and Distribution Substations	34	16	50
Transformer Capacity of Transmission and Distribution Substations (MVA)	467.6	433.2	900.8

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The Company's natural gas operations property includes two liquid propane gas plants and two liquefied natural gas plants. Northern Utilities also owns a propane air gas plant and an LNG storage and vaporization facility. Fitchburg owns a propane air gas plant and an LNG storage and vaporization facility, both of which are located on land owned by Fitchburg in north central Massachusetts.

Northern Utilities' gas mains are primarily made up of polyethylene plastic (81.5%), coated and wrapped cathodically protected steel (15.5%), cast/wrought iron (2.4%), and unprotected bare and coated steel (0.6%). Fitchburg's gas mains are primarily made up of coated steel (44.8%), polyethylene plastic (39.3%), cast/wrought iron (13.8%), and bare steel (2.1%).

Granite State's underground natural gas transmission pipeline, regulated by the FERC, is located primarily in Maine and New Hampshire.

Unitil Energy's electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements in the southeastern seacoast and state capital regions of New Hampshire. Unitil Energy's electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telecommunication companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric substations, with minor exceptions, are located in north central Massachusetts on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, express or implied through use by Fitchburg without objection by the owners. Fitchburg owns full interest in the poles upon which its wires are installed.

The Company believes that its facilities are currently adequate for their intended uses.

### **Item 3. 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.

### **Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The Company’s common stock is listed on the New York Stock Exchange under the symbol “UTL.” As of December 31, 2020, there were 1,279 shareholders of record of our common stock.

**Common Stock Data**

<u>Dividends per Common Share</u>	<u>2020</u>	<u>2019</u>
1st Quarter	\$0.375	\$0.370
2nd Quarter	0.375	0.370
3rd Quarter	0.375	0.370
4th Quarter	0.375	0.370
Total for Year	<u>\$ 1.50</u>	<u>\$ 1.48</u>

See “Dividends” in Part II, Item 7 (Management’s Discussion and Analysis of Financial Condition and Results of Operations).

Information regarding securities authorized for issuance under our equity compensation plans, as of December 31, 2020, is set forth in the following table.

**Equity Compensation Plan Information**

<u>Plan Category</u>	<u>(a)</u> <u>Number of securities</u> <u>to be issued upon exercise</u> <u>of outstanding options,</u> <u>warrants and rights</u>	<u>(b)</u> <u>Weighted-average</u> <u>exercise price of</u> <u>outstanding options,</u> <u>warrants and rights</u>	<u>(c)</u> <u>Number of securities</u> <u>remaining available for</u> <u>future issuance under</u> <u>equity compensation</u> <u>plans (excluding</u> <u>securities reflected in</u> <u>column (a))</u>
<b>Equity compensation plans approved by security holders<sup>(1)</sup></b>	—	—	213,817
<b>Equity compensation plans not approved by security holders</b>	—	—	—
<b>Total</b>	—	—	213,817

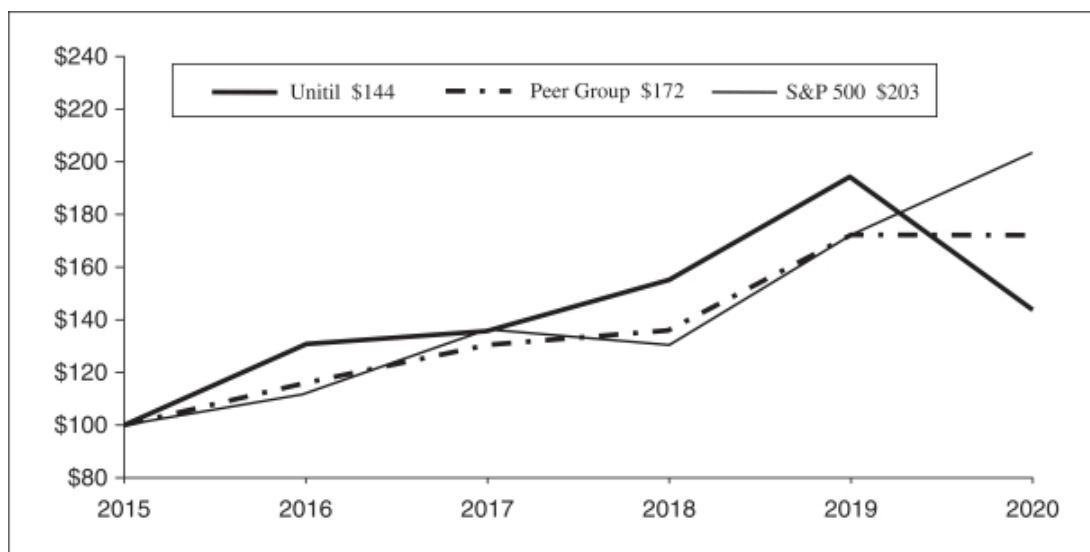
NOTES: (also see Note 6 (Equity) to the accompanying Consolidated Financial Statements)

<sup>(1)</sup> Consists of the Second Amended and Restated 2003 Stock Plan (the Plan). On April 19, 2012, shareholders approved the Plan, and a total of 677,500 shares of our common stock were reserved for issuance pursuant to awards of restricted stock, restricted stock units and common stock under the Plan. A total of 443,835 shares of restricted stock have been awarded and 33,528 restricted stock units have been settled and issued as shares of common stock by Plan participants through December 31, 2020. As of December 31, 2020, a total of 13,680 shares of restricted stock were forfeited and once again became available for issuance under the Plan.

### Stock Performance Graph

The following graph compares Unitil Corporation's cumulative stockholder return since December 31, 2015 with the Peer Group index, comprised of the S&P 500 Utilities Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was \$100 on December 31, 2015.

Comparative Five-Year Total Returns



**NOTE:**

(1) The graph above assumes \$100 invested on December 31, 2015, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P 500 Utilities Index.

### Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2020.

### Issuer Purchases of Equity Securities

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted and announced by the Company on May 1, 2020, the Company will periodically repurchase shares of its Common Stock on the open market related to the stock 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 \$516,000 in value of shares have been purchased or, if sooner, on May 1, 2021.

The Company may suspend or terminate this 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.

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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 December 31, 2020.

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs</b>
10/1/20 – 10/31/20	13,194	\$ 39.048	13,194	\$ 808
11/1/20 – 11/30/20	—	—	—	\$ 808
12/1/20 – 12/31/20	—	—	—	\$ 808
Total	<u>13,194</u>	\$ 39.048	<u>13,194</u>	

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**Item 6. Selected Financial Data**

	For the Years Ended December 31, (all data in millions except customers served, shares, % and per share data)				
	2020	2019 <sup>(2)</sup>	2018	2017	2016
<b>Customers Served (Year-End):</b>					
Electric:					
Residential	91,820	90,983	90,537	90,009	89,400
Commercial & Industrial	15,257	15,146	15,034	14,969	14,872
Total Electric	<u>107,077</u>	<u>106,129</u>	<u>105,571</u>	<u>104,978</u>	<u>104,272</u>
Natural Gas:					
Residential	67,325	65,836	64,604	63,441	62,284
Commercial & Industrial	18,249	18,075	18,155	17,868	17,654
Total Natural Gas	<u>85,574</u>	<u>83,911</u>	<u>82,759</u>	<u>81,309</u>	<u>79,938</u>
<b>Total Customers Served</b>	<u>192,651</u>	<u>190,040</u>	<u>188,330</u>	<u>186,287</u>	<u>184,210</u>
<b>Electric and Gas Sales:</b>					
Electric Distribution Sales (kWh)	1,595.9	1,595.7	1,675.8	1,624.1	1,628.8
Firm Natural Gas Distribution Sales (Therms)	214.8	232.1	231.1	213.8	205.7
<b>Consolidated Statements of Earnings:</b>					
Operating Revenue	\$ 418.6	\$ 438.2	\$ 444.1	\$ 406.2	\$ 383.4
Operating Income	71.4	73.1	71.2	75.4	70.2
Interest Expense, Net	23.8	23.7	24.0	23.1	22.5
Other Expense (Income), Net	5.2	(8.6)	5.8	5.8	5.2
Income Before Income Taxes	42.4	58.0	41.4	46.5	42.5
Income Taxes	10.2	13.8	8.4	17.5	15.4
Net Income	<u>32.2</u>	<u>44.2</u>	<u>33.0</u>	<u>29.0</u>	<u>27.1</u>
Dividends on Preferred Stock	—	—	—	—	—
Earnings Applicable to Common Shareholders	<u>\$ 32.2</u>	<u>\$ 44.2</u>	<u>\$ 33.0</u>	<u>\$ 29.0</u>	<u>\$ 27.1</u>
<b>Earnings Per Average Share:</b>	\$ 2.15	\$ 2.97	\$ 2.23	\$ 2.06	\$ 1.94
Common Stock—(Diluted Weighted Average Outstanding, 000's)	15,000	14,900	14,829	14,102	13,996
Dividends Declared Per Share	\$ 1.50	\$ 1.48	\$ 1.46	\$ 1.44	\$ 1.42
Book Value Per Share (Year-End)	\$ 25.91	\$ 25.22	\$ 23.60	\$ 22.72	\$ 20.82
<b>Balance Sheet Data (as of December 31,):</b>					
Net Utility Plant	\$ 1,193.2	\$ 1,111.5	\$ 1,036.8	\$ 971.5	\$ 883.4
Lease Obligations <sup>(1)</sup>	\$ 5.6	\$ 4.5	\$ 5.8	\$ 8.8	\$ 11.3
Total Assets	<u>\$ 1,477.9</u>	<u>\$ 1,370.8</u>	<u>\$ 1,298.3</u>	<u>\$ 1,241.9</u>	<u>\$ 1,128.2</u>
Capitalization:					
Common Stock Equity	\$ 389.0	\$ 376.6	\$ 351.1	\$ 336.6	\$ 292.9
Preferred Stock	0.2	0.2	0.2	0.2	0.2
Long-Term Debt, less current portion	523.1	437.5	387.4	376.3	316.8
Total Capitalization	<u>\$ 912.3</u>	<u>\$ 814.3</u>	<u>\$ 738.7</u>	<u>\$ 713.1</u>	<u>\$ 609.9</u>
Current Portion of Long-Term Debt	\$ 8.5	\$ 19.5	\$ 18.4	\$ 29.8	\$ 16.8
Short-Term Debt	\$ 54.7	\$ 58.6	\$ 82.8	\$ 38.3	\$ 81.9
<b>Capital Structure Ratios (as of December 31,):</b>					
Common Stock Equity	43%	46%	48%	47%	48%
Long-Term Debt, less current portion	57%	54%	52%	53%	52%

(1) Includes amounts due within one year. Amounts for 2020 and 2019 include amounts of \$5.2 million and \$4.0 million, respectively, of operating lease obligations. See the "Leases" section of Note 5 to the accompanying Consolidated Financial Statements.

(2) See "Divestiture of Non-Regulated Business Subsidiary" in Note 1 to the Consolidated Financial Statements.

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to the Notes to the Consolidated Financial Statements included in Item 8.)**

**OVERVIEW**

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005.

Unitil’s principal business is the local distribution of electricity and natural gas to approximately 192,700 customers 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, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire;
- ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and
- iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the “distribution utilities.” Together, the distribution utilities serve approximately 107,100 electric customers and 85,600 natural gas customers in their service territories. The distribution utilities are local “pipes and wires” operating companies.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to North American pipeline supplies.

Unitil had an investment in Net Utility Plant of \$1,193.2 million at December 31, 2020. Unitil’s total revenue was \$418.6 million in 2020, which includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company’s earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil’s utility operations are derived from the return on investment in the three distribution utilities and Granite State.

Unitil previously conducted non-regulated operations principally through Usource, which was wholly-owned by Unitil Resources. The Company divested Usource in the first quarter of 2019. Usource provided energy brokering and advisory services to large commercial and industrial customers in the northeastern United States. See additional discussion of the divestiture of Usource in “Divestiture of Non-Regulated Business Subsidiary” in Note 1 (Summary of Significant Accounting Policies) to the Consolidated Financial Statements. The Company’s other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil’s affiliated companies, and Unitil Realty, which owns and manages Unitil’s corporate office building and property located in Hampton, New Hampshire. Unitil’s consolidated net income includes the earnings of the holding company and these subsidiaries.

**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 NHPUC; Fitchburg is subject to regulation by the MDPU; and Northern

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Utilities is regulated by the NHPUC and MPUC. Granite State, Unital's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unital's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations, financial position, and cash flows.

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

Most of Unital's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy suppliers. Many of Unital's distribution utilities' largest C&I customers purchase their electricity or gas supply from third-party suppliers, while most small C&I customers, as well as residential customers, purchase their electricity or gas supply from the distribution utilities under regulated rates and tariffs. Unital's distribution utilities purchase electricity or natural gas from unaffiliated wholesale energy suppliers and recover the actual approved costs of these supplies on a pass-through basis, through reconciling rate mechanisms that are periodically adjusted.

Also see *Regulatory Matters* in this section and Note 8 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on rates and regulation.

Fitchburg is subject to revenue decoupling. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural 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 the current portion of 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 that the Company files with the MDPU. The Company estimates that revenue decoupling applies to approximately 27% and 11% of Unital's total annual electric and natural gas sales volumes, respectively.

## **RESULTS OF OPERATIONS**

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

The Company is responding to the coronavirus pandemic by taking steps to mitigate the potential risks posed by its spread. The Company's electric and gas service utility distribution operating systems have continued to provide service to customers without disruption due to the coronavirus pandemic through the date of this filing. The Company has implemented its Crisis Response Plan to address specific aspects of the coronavirus pandemic. The Crisis Response Plan guides emergency response, business continuity, and the precautionary measures being taken on behalf of employees and the public. The Company has initiated extra precautions to protect employees who work in the field and for employees who continue to work in operations, distribution and corporate facilities. The Company has implemented social distancing and work from home policies, where appropriate. The Company continues to implement strong physical and cyber-security measures to ensure that its systems remain functional in order to serve both operational needs with a remote workforce and to help ensure uninterrupted service to customers.

The extent to which the coronavirus pandemic impacts the Company's financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of the coronavirus pandemic, and the actions to contain the coronavirus pandemic or treat its impact, among others. In particular, the continued spread of the coronavirus could adversely impact the Company's business, including (i) by disrupting the Company's employees and contractors ability to



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provide ongoing services to the Company, (ii) by reducing customer demand for electricity or gas, or (iii) by reducing the supply of electricity or gas, each of which could have an adverse impact on the Company's financial condition, results of operations, and cash flows.

The Company's results of operations reflect 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 may also be affected by the weather conditions in both the winter and summer seasons. Also, as a result of recent rate cases, the Company's gas GAAP gross margins and gas adjusted gross margins (a non-GAAP measure) are derived from a higher percentage of fixed billing components, including customer charges. Therefore, future gas revenues and gas adjusted gross margin will be less affected by the seasonal nature of the gas business. In addition, approximately 27% and 11% of the Company's total annual electric and gas sales volumes, respectively, are decoupled and changes in sales to existing customers do not affect GAAP gross margin and adjusted gross margin.

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

In the following tables the Company has reconciled Gas and Electric Adjusted Gross Margin to GAAP Gross Margin, which we believe to be the most comparable GAAP measure. GAAP Gross Margin is calculated as Revenue less Cost of Sales and Depreciation and Amortization. The Company calculates Gas and Electric 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 revenue, is a meaningful measure to inform investors of the Company's profitability from gas and electric sales in the period.

### Twelve Months Ended December 31, 2020 (\$ millions)

	Gas	Electric	Non-Regulated and Other	Total
Total Operating Revenue	\$ 191.4	\$ 227.2	\$ —	\$ 418.6
Less: Cost of Sales	(68.8)	(134.3)	—	(203.1)
Less: Depreciation and Amortization	(29.8)	(23.8)	(0.9)	(54.5)
GAAP Gross Margin	92.8	69.1	(0.9)	161.0
Depreciation and Amortization	29.8	23.8	0.9	54.5
Adjusted Gross Margin	<u>\$ 122.6</u>	<u>\$ 92.9</u>	<u>\$ —</u>	<u>\$ 215.5</u>

### Twelve Months Ended December 31, 2019 (\$ millions)

	Gas	Electric	Non-Regulated and Other	Total
Total Operating Revenue	\$ 203.4	\$ 233.9	\$ 0.9	\$ 438.2
Less: Cost of Sales	(81.2)	(142.0)	—	(223.2)
Less: Depreciation and Amortization	(28.5)	(22.6)	(0.9)	(52.0)
GAAP Gross Margin	93.7	69.3	—	163.0
Depreciation and Amortization	28.5	22.6	0.9	52.0
Adjusted Gross Margin	<u>\$ 122.2</u>	<u>\$ 91.9</u>	<u>\$ 0.9</u>	<u>\$ 215.0</u>

**Twelve Months Ended December 31, 2018 (\$ millions)**

	Gas	Electric	Non-Regulated and Other	Total
Total Operating Revenue	\$ 216.1	\$ 223.3	\$ 4.7	\$ 444.1
Less: Cost of Sales	(99.2)	(131.4)	—	(230.6)
Less: Depreciation and Amortization	(24.9)	(23.1)	(2.4)	(50.4)
GAAP Gross Margin	92.0	68.8	2.3	163.1
Depreciation and Amortization	24.9	23.1	2.4	50.4
Adjusted Gross Margin	<u>\$ 116.9</u>	<u>\$ 91.9</u>	<u>\$ 4.7</u>	<u>\$ 213.5</u>

Gas GAAP Gross Margin was \$92.8 million in 2020, a decrease of \$0.9 million compared to 2019. The decrease was driven by unfavorable effects of \$4.4 million from lower sales due to warmer weather in 2020, \$2.1 million attributed to lower sales primarily associated with the economic slowdown caused by the coronavirus pandemic, and higher depreciation and amortization of \$1.3 million. These decreases were partially offset by higher rates of \$5.1 million and customer growth of \$1.8 million.

Gas GAAP Gross Margin was \$93.7 million in 2019, an increase of \$1.7 million compared to 2018. The increase was driven by higher rates of \$5.6 million and higher gas sales of \$0.9 million, partially offset by milder weather in the fourth quarter of 2019. The positive effect of higher rates and customer growth was partially offset by the absence in 2019 of a \$1.2 million non-recurring adjustment recognized in the second quarter of 2018 to increase gas revenue and operating expenses in connection with a then ongoing base rate case for the Company's New Hampshire natural gas utility, and higher depreciation and amortization of \$3.6 million.

Electric GAAP Gross Margin was \$69.1 million in 2020, a decrease of \$0.2 million compared to 2019. The decrease reflects an unfavorable effect of \$0.8 million attributed to the combined net effect of lower Commercial and Industrial (C&I) sales and higher Residential sales associated with the coronavirus pandemic, and higher depreciation and amortization of \$1.2 million, partially offset by higher rates of \$1.4 million and the positive combined effect of customer growth and warmer summer weather of \$0.4 million.

Electric GAAP Gross Margin was \$69.3 million in 2019, an increase of \$0.5 million compared to 2018. The increase reflects higher rates of \$1.6 million and lower depreciation and amortization of \$0.5 million, partially offset by a decrease of \$1.6 million from lower kWh sales.

### Net Income and EPS Overview

**2020 Compared to 2019**—The Company's Net Income was \$32.2 million, or \$2.15 in Earnings Per Share, for the year ended December 31, 2020, a decrease of \$12.0 million, or \$0.82 per share, compared to 2019. In the first quarter of 2019, the Company recognized a one-time net gain of \$9.8 million, or \$0.66 per share, on the Company's divestiture of its non-regulated business subsidiary, Usource. The Company's earnings in 2020 reflect higher Gas and Electric Adjusted Gross Margins (a non-GAAP measure) and higher operating expenses. The Company estimates that warmer than normal weather negatively affected Net Income by approximately \$3.1 million, or \$0.20 per share, in 2020. Additionally, the Company estimates that the coronavirus pandemic negatively affected Net Income by approximately \$1.4 million, or \$0.09 per share, in 2020.

Gas Adjusted Gross Margin (a non-GAAP measure) was \$122.6 million in 2020, an increase of \$0.4 million compared to 2019. The increase was driven by higher rates of \$5.1 million and customer growth of \$1.8 million, largely offset by unfavorable effects of \$4.4 million from lower sales due to warmer weather in 2020, and \$2.1 million attributed to lower sales primarily associated with the economic slowdown caused by the coronavirus pandemic.

Gas therm sales decreased 7.5% in 2020 compared to 2019. The decrease in overall gas therm sales in the Company's service areas reflects warmer weather in 2020 compared to 2019, as well as lower sales to C&I customers, primarily in the second, third and fourth quarters, due to the economic slowdown caused by

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the coronavirus pandemic. These negative effects on 2020 gas therm sales were partially offset by customer growth. As of December 31, 2020, the number of gas customers served increased by 1,663, including seasonal accounts, over the previous year. Based on weather data collected in the Company's gas service areas, there were 8.2% fewer Effective Degree Days (EDD) in 2020, on average, compared to 2019 and 8.0% fewer EDD compared to normal. The Company estimates that weather-normalized gas therm sales, excluding decoupled sales, were 1.6% lower in 2020 compared to 2019.

Electric Adjusted Gross Margin (a non-GAAP measure) was \$92.9 million in 2020, an increase of \$1.0 million compared with 2019. The increase reflects higher rates of \$1.4 million and the positive combined effect of customer growth and warmer summer weather of \$0.4 million, partially offset by an unfavorable effect of \$0.8 million attributed to the combined net effect of lower C&I sales and higher Residential sales associated with the coronavirus pandemic.

Electric kilowatt-hour (kWh) sales in 2020 were essentially on par with 2019. Sales to Residential customers increased 6.5% and sales to C&I customers decreased 4.5% in 2020 compared to 2019. The increase in sales to Residential customers reflects higher consumption by Residential customers due to the coronavirus pandemic and warmer summer weather in 2020 compared to 2019 which resulted in higher use of air conditioning, and customer growth. As of December 31, 2020, the number of electric customers served increased by 948 over the previous year. These positive effects on 2020 electric kWh sales were partially offset by the warmer winter weather in 2020 which adversely affected the usage of electricity for heating purposes. The decrease in sales to C&I customers reflects lower usage as a result of the economic slowdown caused by the coronavirus pandemic, and the warmer winter weather in 2020, partially offset by customer growth. Based on weather data collected in the Company's electric service areas, there were 37.9% more Cooling Degree Days (CDD) in 2020, on average, compared to 2019.

Operation and Maintenance (O&M) expenses decreased \$1.5 million in 2020 compared to 2019. The decrease includes \$0.4 million of lower operating costs attributed to Usource operations incurred in the first quarter of 2019. The change in O&M expenses also reflects lower labor costs of \$1.3 million, partially offset by higher utility operating costs of \$0.2 million. The lower labor costs reflect lower employee benefit costs.

Depreciation and Amortization expense increased \$2.5 million in 2020 compared to 2019, reflecting increased depreciation on higher levels of utility plant in service and higher amortization of software.

Taxes Other Than Income Taxes increased \$1.2 million in 2020 compared to 2019, reflecting higher local property taxes on higher utility plant in service of \$1.2 million as well as the absence in 2020 of \$0.6 million in property tax abatements recognized in 2019. This increase was partially offset by lower payroll taxes in 2020 reflecting the recognition of \$0.6 million of payroll tax credits associated with the CARES Act in 2020.

Interest Expense, Net increased \$0.1 million in 2020 compared to 2019 reflecting higher levels of long-term debt, largely offset by lower rates on short-term debt and lower interest expense on regulatory liabilities.

Other Expense (Income), Net changed from income of \$8.6 million in 2019 to expense of \$5.2 million in 2020, a net change of \$13.8 million. This change primarily reflects a pre-tax gain of \$13.4 million on the Company's divestiture of Usource in the first quarter of 2019 and \$0.4 million of other costs in 2020.

Federal and State Income Taxes decreased \$3.6 million in 2020 compared to 2019, primarily reflecting lower pre-tax earnings in the current period.

In 2020, Unital's annual common dividend was \$1.50 per share, representing an unbroken record of quarterly dividend payments since trading began in Unital's common stock. At its January 2021 meeting, the Unital Corporation Board of Directors declared a quarterly dividend on the Company's common stock of \$0.38 per share, an increase of \$0.005 per share on a quarterly basis, resulting in an increase in the effective annualized dividend rate to \$1.52 per share from \$1.50 per share.

**2019 Compared to 2018**— The Company's Net Income was \$44.2 million, or \$2.97 in earnings per share, for the year ended December 31, 2019, an increase of \$11.2 million, or \$0.74 per share, compared to

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2018. In the first quarter of 2019, the Company recognized a one-time net gain of \$9.8 million, or \$0.66 per share, on the Company's divestiture of its non-regulated business subsidiary, Usource. Excluding the Usource divestiture, the Company's Net Income was \$34.4 million, or \$2.31 per share, for the year ended December 31, 2019, an increase of \$1.4 million, or \$0.08 per share, compared to 2018. The increase in earnings was driven by higher natural gas sales margins, partially offset by increases in operating expenses.

### Gas Sales, Revenues and Adjusted Gross Margin

**Therm Sales**—Unitil's total therm sales of natural gas decreased 7.5% in 2020 compared to 2019. Sales to Residential and C&I customers decreased 6.9% and 7.6%, respectively in 2020 compared to 2019. The decrease in overall gas therm sales in the Company's service areas reflects warmer weather in 2020 compared to 2019, as well as lower sales to C&I customers, primarily in the second, third and fourth quarters, due to the economic slowdown caused by the coronavirus pandemic. These negative effects on 2020 gas therm sales were partially offset by customer growth. As of December 31, 2020, the number of gas customers served increased by 1,663, including seasonal accounts, over the previous year. Based on weather data collected in the Company's gas service areas, there were 8.2% fewer EDD in 2020, on average, compared to 2019 and 8.0% fewer EDD compared to normal. The Company estimates that weather-normalized gas therm sales, excluding decoupled sales, were 1.6% lower in 2020 compared to 2019. Sales margin derived from decoupled unit sales (representing approximately 11% of total annual therm sales volume) is not sensitive to changes in gas therm sales.

Unitil's total therm sales of natural gas increased 0.4% in 2019 compared to 2018. Sales to residential decreased 1.4% and sales to C&I customers increased 0.9% in 2019 compared to 2018. The overall increase in gas therm sales was driven by customer growth, partially offset by milder weather in the fourth quarter of 2019 compared to 2018. Based on weather data collected in the Company's natural gas service areas, there were 6.7% fewer EDD in 2019, on average, compared to 2018. The Company estimates that weather-normalized gas therm sales, excluding decoupled sales, were up 4.2% in 2019 compared to 2018. As of December 31, 2019 the number of natural gas customers served increased by 1,152 over the previous year.

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

Therm Sales (millions)	2020	2019	2018	Change			
				2020 vs. 2019		2019 vs. 2018	
				Therms	%	Therms	%
Residential	44.7	48.0	48.7	(3.3)	(6.9%)	(0.7)	(1.4%)
Commercial & Industrial	170.1	184.1	182.4	(14.0)	(7.6%)	1.7	0.9%
<b>Total Therm Sales</b>	<b>214.8</b>	<b>232.1</b>	<b>231.1</b>	<b>(17.3)</b>	<b>(7.5%)</b>	<b>1.0</b>	<b>0.4%</b>

**Gas Operating Revenues and Adjusted Gross Margin**—The following table details total Gas Operating Revenue and Gas Adjusted Gross Margin for the last three years by major customer class:

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

	2020	2019	2018	Change			
				2020 vs. 2019		2019 vs. 2018	
				\$	%	\$	%
Gas Operating Revenue:							
Residential	\$ 78.0	\$ 81.2	\$ 86.0	\$ (3.2)	(3.9%)	\$ (4.8)	(5.6%)
Commercial & Industrial	113.4	122.2	130.1	(8.8)	(7.2%)	(7.9)	(6.1%)
<b>Total Gas Operating Revenue</b>	<b>\$191.4</b>	<b>\$203.4</b>	<b>\$216.1</b>	<b>\$(12.0)</b>	<b>(5.9%)</b>	<b>\$(12.7)</b>	<b>(5.9%)</b>
Cost of Gas Sales	\$ 68.8	\$ 81.2	\$ 99.2	\$(12.4)	(15.3%)	\$(18.0)	(18.1%)
<b>Gas Adjusted Gross Margin</b>	<b>\$122.6</b>	<b>\$122.2</b>	<b>\$116.9</b>	<b>\$ 0.4</b>	<b>0.3%</b>	<b>\$ 5.3</b>	<b>4.5%</b>

Gas Adjusted Gross Margin (a non-GAAP measure) was \$122.6 million in 2020, an increase of \$0.4 million compared to 2019. The increase was driven by higher rates of \$5.1 million and customer

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growth of \$1.8 million, largely offset by unfavorable effects of \$4.4 million from lower sales due to warmer weather in 2020, and \$2.1 million attributed to lower sales primarily associated with the economic slowdown caused by the coronavirus pandemic.

The decrease in Total Gas Operating Revenues of \$12.0 million, or 5.9%, in 2020 compared to 2019 reflects lower cost of gas sales, which are tracked and reconciled costs as a pass-through to customers, and lower sales volumes.

Gas Adjusted Gross Margin (a non-GAAP measure) was \$122.2 million in 2019, an increase of \$5.3 million compared to 2018. The increase was driven by higher rates of \$5.6 million and higher therm sales of \$0.9 million, partially offset by milder weather in the fourth quarter of 2019. The positive effect of higher rates and customer growth was partially offset by the absence in 2019 of a \$1.2 million adjustment recognized in the second quarter of 2018 to increase gas revenue and operating expenses in connection with a then ongoing base rate case for the Company's New Hampshire natural gas utility.

The decrease in Total Gas Operating Revenues of \$12.7 million, or 5.9%, in 2019 compared to 2018 reflects lower cost of gas sales, which are tracked and reconciled costs as a pass-through to customers and the adjustment recognized in the second quarter of 2018, discussed above, partially offset by higher gas sales volumes and higher rates.

### **Electric Sales, Revenues and Adjusted Gross Margin**

**Kilowatt-hour Sales**—Unitil's total electric kWh sales in 2020 were essentially on par with 2019. Sales to Residential customers increased 6.5% and sales to C&I customers decreased 4.5% in 2020 compared to 2019. The increase in sales to Residential customers reflects higher consumption by Residential customers due to the coronavirus pandemic and warmer summer weather in 2020 compared to 2019, which resulted in higher use of air conditioning, and customer growth. As of December 31, 2020, the number of electric customers served increased by 948 over the previous year. These positive effects on 2020 electric kWh sales were partially offset by the warmer winter weather in 2020 which adversely affected the usage of electricity for heating purposes. The decrease in sales to C&I customers reflects lower usage as a result of the economic slowdown caused by the coronavirus pandemic, and the warmer winter weather in 2020, partially offset by customer growth. Based on weather data collected in the Company's electric service areas, there were 37.9% more CDD in 2020, on average, compared to 2019. Sales margins derived from decoupled unit sales (representing approximately 27% of total annual sales volume) are not sensitive to changes in kWh sales.

Unitil's total electric kWh sales decreased 4.8% in 2019 compared to 2018. Sales to Residential customers and C&I customers decreased 5.4% and 4.3%, respectively, in 2019 compared to 2018, reflecting milder summer weather in 2019 compared to 2018, lower average usage per customer due to energy efficiency initiatives and net metered distributed generation, as well as reduced usage by some industrial customers, partially offset by customer growth. Based on weather data collected in the Company's electric service areas, there were 22.3% fewer CDD in 2019, on average, compared to 2018. As of December 31, 2019, the number of electric customers served increased by 558 over the previous year.

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

kWh Sales (millions)	2020	2019	2018	Change			
				2020 vs. 2019		2019 vs. 2018	
				kWh	%	kWh	%
Residential	690.6	648.2	685.5	42.4	6.5%	(37.3)	(5.4%)
Commercial & Industrial	905.3	947.5	990.3	(42.2)	(4.5%)	(42.8)	(4.3%)
Total kWh Sales	1,595.9	1,595.7	1,675.8	0.2	—	(80.1)	(4.8%)

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**Electric Operating Revenues and Electric Adjusted Gross Margin**—The following table details Total Electric Operating Revenue and Electric Adjusted Gross Margin for the last three years by major customer class:

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

	2020	2019	2018	Change			
				2020 vs. 2019		2019 vs. 2018	
				\$	%	\$	%
Electric Operating Revenue:							
Residential	\$ 134.7	\$ 133.8	\$ 127.2	\$ 0.9	0.7%	\$ 6.6	5.2%
Commercial & Industrial	92.5	100.1	96.1	(7.6)	(7.6%)	4.0	4.2%
Total Electric Operating Revenue	\$ 227.2	\$ 233.9	\$ 223.3	\$(6.7)	(2.9%)	\$ 10.6	4.7%
Cost of Electric Sales	\$ 134.3	\$ 142.0	\$ 131.4	\$(7.7)	(5.4%)	\$ 10.6	8.1%
Electric Adjusted Gross Margin	\$ 92.9	\$ 91.9	\$ 91.9	\$ 1.0	1.1%	\$ —	—

Electric Adjusted Gross Margin (a non-GAAP measure) was \$92.9 million in 2020, an increase of \$1.0 million compared with 2019. The increase reflects higher rates of \$1.4 million and the positive combined effect of customer growth and warmer summer weather of \$0.4 million, partially offset by an unfavorable effect of \$0.8 million attributed to the combined net effect of lower C&I sales and higher Residential sales associated with the coronavirus pandemic.

The decrease in Total Electric Operating Revenue of \$6.7 million, or 2.9%, in 2020 compared to 2019 reflects lower cost of electric sales, which are tracked and reconciled costs as a pass-through to customers, partially offset by higher sales of electricity.

Electric Adjusted Gross Margin (a non-GAAP measure) was \$91.9 million in 2019, on par with 2018. Electric sales margins in 2019 were positively affected by higher rates of \$1.6 million, offset by a decrease of \$1.6 million from lower kWh sales, for the reasons noted above.

The increase in Total Electric Operating Revenue of \$10.6 million, or 4.7%, in 2019 compared to 2018 reflects higher cost of electric sales, which are tracked and reconciled costs as a pass-through to customers, partially offset by lower sales of electricity.

### Operating Revenue—Other

Total Other Operating Revenue (See “Other Operating Revenue – Non-regulated” in Note 1 to the accompanying Consolidated Financial Statements) is comprised of revenues from the Company’s non-regulated energy brokering business, Usource, which was divested in the first quarter of 2019 (See “Divestiture of Non-Regulated Business Subsidiary” in Note 1 to the accompanying Consolidated Financial Statements). Usource’s revenues were primarily derived from fees and charges billed to suppliers as customers take delivery of energy from those suppliers under term contracts brokered by Usource. Usource’s revenues decreased \$0.9 million in 2020 compared to 2019 and \$3.8 million 2019 compared to 2018, reflecting the Company’s divestiture of Usource in the first quarter of 2019.

### Operating Expenses

**Cost of Gas Sales**—Cost of Gas Sales includes the cost of natural gas purchased and manufactured to supply the Company’s total gas supply requirements and spending on energy efficiency programs. Cost of Gas Sales decreased \$12.4 million, or 15.3%, in 2020 compared to 2019. This decrease reflects lower wholesale gas commodity prices and lower gas sales, partially offset by a decrease in the amount of gas purchased by customers directly from third-party suppliers. The Company reconciles and recovers the approved Cost of Gas Sales in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2019, Cost of Gas decreased \$18.0 million, or 18.1%, compared to 2018. This decrease reflects lower wholesale natural gas prices, partially offset by higher sales of natural gas.

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**Cost of Electric Sales**—Cost of Electric Sales includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs, and spending on energy efficiency programs. Cost of Electric Sales decreased \$7.7 million, or 5.4%, in 2020 compared to 2019. This decrease reflects lower wholesale electricity prices, partially offset by slightly higher sales of electricity and a decrease in the amount of electricity purchased by customers directly from third-party suppliers. The Company reconciles and recovers the approved Cost of Electric Sales in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2019, Cost of Electric Sales increased \$10.6 million, or 8.1%, compared to 2018. This increase reflects higher wholesale electricity prices and a decrease in the amount of electricity purchased by customers directly from third-party suppliers, partially offset by lower sales of electricity.

**Operation and Maintenance**—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses decreased \$1.5 million, or 2.2% in 2020 compared to 2019. The decrease includes \$0.4 million of lower operating costs attributed to Usource operations incurred in the first quarter of 2019. The change in O&M expenses also reflects lower labor costs of \$1.3 million, partially offset by higher utility operating costs of \$0.2 million. The lower labor costs reflect lower employee benefit costs.

In 2019, total O&M expenses decreased \$2.3 million compared to 2018. Excluding the adjustment which increased gas revenue and O&M expenses by \$1.2 million in the second quarter of 2018 in connection with a then ongoing base rate case for the Company's New Hampshire natural gas utility; O&M expenses decreased \$1.1 million in 2019 compared to 2018. The decrease in 2019 includes \$2.4 million of lower labor and other costs related to the divestiture of Usource. Excluding the lower expenses associated with the Usource divestiture and the 2018 adjustment, discussed above; O&M expenses were higher by \$1.3 million. The change in O&M expenses reflects higher utility operating costs of \$0.7 million, higher labor costs of \$0.5 million, and higher professional fees of \$0.1 million.

**Depreciation and Amortization**—Depreciation and Amortization expense increased \$2.5 million, or 4.8%, in 2020 compared to 2019, reflecting increased depreciation on higher levels of utility plant in service and higher amortization of software.

In 2019, Depreciation and Amortization expense increased \$1.6 million, or 3.2%, compared to 2018, reflecting increased depreciation on higher levels of utility plant in service, partially offset by lower amortization.

**Taxes Other Than Income Taxes**—Taxes Other Than Income Taxes increased \$1.2 million, or 5.3%, in 2020 compared to 2019, reflecting higher local property taxes on higher utility plant in service of \$1.2 million as well as the absence in 2020 of \$0.6 million in property tax abatements recognized in 2019. This increase was partially offset by lower payroll taxes in 2020 reflecting the recognition of \$0.6 million of payroll tax credits associated with the CARES Act in 2020. See Note 9 (Income Taxes) to the accompanying Consolidated Financial Statements.

In 2019, Taxes Other Than Income Taxes increased \$0.3 million, or 1.3%, compared to 2018, reflecting higher local property tax rates on higher levels of utility plant in service, partially offset by \$1.0 million of property tax abatements received in 2019.

### ***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 (See Note 5 (Debt and Financing Arrangements) to the accompanying Consolidated Financial Statements). Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets and regulatory liabilities on which interest is calculated.

Interest Expense, Net increased \$0.1 million, or 0.4%, in 2020 compared to 2019 reflecting higher levels of long-term debt, largely offset by lower rates on short-term debt and lower interest expense on regulatory liabilities.

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Interest Expense, Net decreased \$0.3 million, or 1.3%, in 2019 compared to 2018 reflecting lower interest on long-term debt and higher interest income on AFUDC, partially offset by interest on higher levels of short-term borrowings.

### ***Other (Income) Expense, Net***

Other Expense (Income), Net changed from income of \$8.6 million in 2019 to expense of \$5.2 million in 2020, a net change of \$13.8 million. This change primarily reflects a pre-tax gain of \$13.4 million on the Company's divestiture of Usource in the first quarter of 2019 and \$0.4 million of other costs in 2020.

Other Expense (Income), Net changed from an expense of \$5.8 million in 2018 to income of \$8.6 million in 2019, a net change of \$14.4 million. This change primarily reflects a pre-tax gain of \$13.4 million on the Company's divestiture of Usource and lower retirement benefit costs in the current period. The Usource divestiture generated a capital gain to the Company and a \$3.6 million provision is included in the Company's income tax expense for 2019.

### ***Provision for Income Taxes***

Federal and State Income Taxes decreased \$3.6 million in 2020 compared to 2019, primarily reflecting lower pre-tax earnings in the current period.

Federal and State Income Taxes increased \$5.4 million in 2019 compared to 2018 reflecting income taxes associated with the gain on the Company's divestiture of Usource and higher pre-tax earnings in 2019 compared to 2018.

## ***LIQUIDITY, COMMITMENTS AND 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 financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time, the Company has accessed the public capital markets through public offerings of equity securities. The Company's utility operations are seasonal in nature and are therefore 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. At December 31, 2020 and December 31, 2019, the Company and all of its subsidiaries were in compliance with the regulatory requirements governing participation in the Cash Pool.

On July 25, 2018, the Company entered into a Second Amended and Restated Credit Agreement (Credit Facility) with a syndicate of lenders, which amended and restated in its entirety the Company's prior credit agreement, dated as of October 4, 2013, as amended. The Credit Facility extends to July 25, 2023, subject to two one-year extensions and has a borrowing limit of \$120 million, which includes a \$25 million sublimit for the issuance of standby letters of credit. The Credit Facility provides the Company with the ability to elect that borrowings under the Credit Facility bear interest under several options, including at a daily fluctuating rate of interest per annum equal to one-month London Interbank Offered Rate plus 1.125%. Provided there is no event of default, the Company may increase the borrowing limit under the Credit Facility by up to \$50 million.



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The Company utilizes the Credit Facility for cash management purposes related to its short-term operating activities. Total gross borrowings were \$248.9 million and \$252.7 million for the years ended December 31, 2020 and December 31, 2019, respectively. Total gross repayments were \$252.8 million and \$276.9 million for the years ended December 31, 2020 and December 31, 2019, respectively. The following table details the borrowing limits, amounts outstanding and amounts available under the revolving Credit Facility as of December 31, 2020 and December 31, 2019:

### Revolving Credit Facility (millions)

	December 31,	
	2020	2019
Limit	\$ 120.0	\$ 120.0
Short-Term Borrowings Outstanding	\$ 54.7	\$ 58.6
Letters of Credit Outstanding	\$ 0.1	\$ 0.1
Available	\$ 65.2	\$ 61.3

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 permit 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 the Credit Facility are paid in full (or with respect to letters of credit, they are cash collateralized).

The Company is monitoring the coronavirus pandemic and does not believe it will adversely affect the Company's access to capital and funding sources and its planned capital expenditures. The Company believes the future operating cash flows of the Company, along with its existing borrowing availability and access to financial markets for the issuance of new long-term debt, will be sufficient to meet any working capital and future operating requirements, and forecasted capital investment opportunities.

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 December 31, 2020 and December 31, 2019, the Company was in compliance with the covenants contained in the Credit Facility in effect on that date. (See also "Credit Arrangements" in Note 5 (Debt and Financing Arrangements).)

**Issuance of Long-Term Debt**—On December 18, 2020, Unitil Realty Corp. entered into a loan agreement in the amount of \$4.7 million at 2.64%, with a maturity date of December 18, 2030. Less than \$0.1 million of costs associated with this loan have been recorded as a reduction to the proceeds. Unitil Realty Corp. used the net proceeds from this loan for general corporate purposes.

On September 15, 2020, Northern Utilities issued \$40 million of Notes due 2040 at 3.78%. Fitchburg issued \$27.5 million of Notes due 2040 at 3.78%. Unitil Energy issued \$27.5 million of Bonds due 2040 at 3.58%. Northern Utilities, Fitchburg and Unitil Energy used the net proceeds from these offerings to repay short-term debt and for general corporate purposes. Approximately \$0.5 million of costs associated with these issuances have been recorded as a reduction to Long-Term Debt for presentation purposes on the Consolidated Balance Sheets.

On December 18, 2019, Unitil Corporation issued \$30 million of Notes due 2029 at 3.43%. Unitil Corporation used the net proceeds from this offering to repay short-term debt and for general corporate purposes. Approximately \$0.2 million of costs associated with these issuances have been recorded as a reduction to Long-Term Debt for presentation purposes on the Consolidated Balance Sheets.

On September 12, 2019, Northern Utilities issued \$40 million of Notes due 2049 at 4.04%. Northern Utilities used the net proceeds from this offering to repay short-term debt and for general corporate purposes. Approximately \$0.2 million of costs associated with these issuances have recorded as a reduction to against Long-Term Debt for presentation purposes on the Consolidated Balance Sheets.

Unitil Corporation and its utility subsidiaries, Fitchburg, Unitil Energy, Northern Utilities, and Granite State are currently rated "BBB+" by Standard & Poor's Ratings Services. Unitil Corporation and Granite

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State are currently rated “Baa2”, and Fitchburg, Unitil Energy and Northern Utilities are currently rated “Baa1” by Moody’s Investors Services.

In April 2014, Unitil Service Corp. entered into a financing arrangement, structured as a capital lease obligation, for various information systems and technology equipment. Final funding under this capital lease occurred on October 30, 2015, resulting in total funding of \$13.4 million. This capital lease was paid in full in the second quarter of 2019.

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 believes it has sufficient sources of working capital to fund its operations.

### **Contractual Obligations**

The table below lists the Company’s known specified contractual obligations as of December 31, 2020.

Contractual Obligations (millions) as of December 31, 2020	Total	Payments Due by Period			
		2021	2022— 2023	2024— 2025	2026 & Beyond
Long-Term Debt	\$ 535.4	\$ 8.8	\$ 30.3	\$ 14.0	\$ 482.3
Interest on Long-Term Debt	387.8	26.3	49.1	46.6	265.8
Gas Supply Contracts	556.2	55.9	95.8	73.8	330.7
Electric Supply Contracts	15.6	1.3	2.7	2.8	8.8
Other (Including Capital and Operating Lease Obligations)	6.1	1.9	2.9	1.1	0.2
Total Contractual Cash Obligations	<u>\$1,501.1</u>	<u>\$94.2</u>	<u>\$180.8</u>	<u>\$138.3</u>	<u>\$1,087.8</u>

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 7 (Energy Supply) and Note 8 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company’s policy is to limit the duration of these guarantees. As of December 31, 2020, there were approximately \$1.3 million of guarantees outstanding with a duration of less than one year.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was \$5.4 million and \$6.5 million of natural gas storage inventory at December 31, 2020 and 2019, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2020, which was payable in January 2021, was \$1.0 million and was recorded in Accounts Payable at December 31, 2020. The amount of natural gas inventory released in December 2019, which was payable in January 2020, was \$1.0 million and was recorded in Accounts Payable at December 31, 2019.

### **Benefit Plan Funding**

The Company, along with its subsidiaries, made cash contributions to its Pension Plan in the amounts of \$4.7 million and \$6.9 million in 2020 and 2019, respectively. The Company, along with its subsidiaries,

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contributed \$4.2 million and \$4.0 million to Voluntary Employee Benefit Trusts (VEBTs) in 2020 and 2019, respectively. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan and the VEBTs in 2021 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these benefit plans. See Note 10 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements.

### **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. As of December 31, 2020, there were approximately \$1.3 million of guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities outstanding. See Note 5 (Debt and Financing Arrangements) to the accompanying Consolidated Financial Statements.

### **Cash Flows**

Unitil's utility operations, taken as a whole, are seasonal in nature and subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Cash Provided by Operating Activities	<u>\$75.7</u>	<u>\$104.9</u>

**Cash Provided by Operating Activities**—Cash Provided by Operating Activities was \$75.7 million in 2020, a decrease of \$29.2 million compared to 2019.

Cash flow from Net Income, adjusted for the total of non-cash charges was \$96.0 million in 2020 compared to \$96.3 million in 2019, a decrease of \$0.3 million. The change to Net Income, absent the gain on the Usource divestiture in 2019, is primarily attributable to increases in natural gas and electric sales margin and customer growth. The increase in depreciation and amortization of \$2.5 million in 2020 compared to 2019 reflects higher depreciation on higher utility plant in service. The decrease in the deferred tax provision of \$4.2 million in 2020 compared to 2019 is primarily driven by a larger use of the Net Operating Loss Carryforward in 2019 from the Usource divestiture as compared to the 2020 Net Operating Loss Carryforward utilization against taxable income.

Changes in working capital items resulted in a (\$15.3) million use of cash in 2020 compared to a \$13.9 million source of cash in 2019, representing a decrease of \$29.2 million. The change in working capital in 2020 compared to 2019 is primarily related to the change in accounts receivables and accrued revenue and is reflective of the effect of the current macroeconomic environment on business and operating conditions.

Deferred Regulatory and Other Charges decreased by \$9.3 million in 2020 compared to 2019, primarily driven by changes in Regulatory Assets and Liabilities, and the change in Other, net in 2020 compared to 2019 was \$4.3 million.

	<u>2020</u>	<u>2019</u>
Cash Used in Investing Activities	<u>\$(122.6)</u>	<u>\$(105.8)</u>

**Cash Used in Investing Activities**—Cash Used in Investing Activities was (\$122.6) million in 2020 compared to (\$105.8) million in 2019, an increase of \$16.8 million. Absent the proceeds from the Usource divestiture in 2019, the increase in 2020 compared to 2019 is \$3.4 million. The higher spending in 2020 is primarily related to utility capital expenditures for electric and gas utility system additions. The Company's projected capital spending range for 2021 is \$135 million to \$140 million.

	<u>2020</u>	<u>2019</u>
Cash Provided by (Used in) Financing Activities	<u>\$47.7</u>	<u>\$(1.7)</u>

**Cash Provided by (Used in) Financing Activities**—Cash Provided by Financing Activities was \$47.7 million in 2020 compared to cash used of (\$1.7) million in 2019. The higher cash provided from financing activities in 2020 compared to 2019 is primarily attributable to the proceeds from the issuance of long-term debt of \$99.7 million less the repayment of maturing and discretionary long-term debt of (\$24.8) million, repayment of short-term debt of (\$3.9) million and dividends paid of (\$22.6) million. Other changes in financing activities in 2020 total (\$0.7) million.

### **FINANCIAL COVENANTS AND RESTRICTIONS**

The agreements under which the Company and its subsidiaries issue long-term debt contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions, business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. See Note 5 (Debt and Financing Arrangements) to the accompanying Consolidated Financial Statements.

Unitil's 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 permit 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 the 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 December 31, 2020 and December 31, 2019, the Company was in compliance with the covenants contained in the Credit Facility in effect on that date.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

### **DIVIDENDS**

Unitil's annual common dividend was \$1.50 per common share in 2020, \$1.48 per common share in 2019, and \$1.46 per share in 2018. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January 2021 meeting, the Unitil Corporation Board of Directors declared a quarterly dividend on the Company's common stock of \$0.38 per share, an increase of \$0.005 per share on a quarterly basis, resulting in an increase in the effective annualized dividend rate to \$1.52 from \$1.50. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. In addition, the ability of the Company's subsidiaries to pay dividends or make distributions to Unitil, and, therefore, Unitil's ability to pay dividends, depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations. See *Financial Covenants and*

Restrictions in this report, as well as Note 5 (Debt and Financing Arrangements) to the accompanying Consolidated Financial Statements.

### **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. Refer to “Legal Proceedings” in Note 8 (Commitments and Contingencies) of the Consolidated Financial Statements for a discussion of legal proceedings.

### **REGULATORY MATTERS**

See Note 8 (Commitments and Contingencies) to the Consolidated Financial Statements.

### **CRITICAL ACCOUNTING POLICIES**

The preparation of the Company’s Consolidated 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 is sometimes 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. The following is a summary of the Company’s most critical accounting policies, which are defined as those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company’s significant accounting policies, refer to the financial statements and Note 1 (Summary of Significant Accounting Policies).

**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 Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). In accordance with 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 FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover certain costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or “regulatory assets.” If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or “regulatory liabilities.”

The Company’s principal regulatory assets and liabilities are included on the Company’s Consolidated Balance Sheet and a summary of the Company’s Regulatory Assets is provided in Note 1 (Summary of Significant Accounting Policies) to the consolidated financial statements. Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material affect 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.

**Utility Revenue Recognition**—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are 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.

**Retirement Benefit Obligations**—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan. Effective January 1, 2010, the Pension Plan was closed to new non-union employees. For union employees, the Pension Plan was closed on various dates between December 31, 2010 and June 1, 2013, depending on the various Collective Bargaining Agreements of each union. The Company also sponsors a non-qualified retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO is affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resulting change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material effect on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the year ended December 31, 2020, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately \$629,000 in the Net Periodic Benefit Cost for the Pension Plan. Similarly, a change of 0.50% in the expected long-term rate of return on plan assets would have resulted in an increase or decrease of approximately \$610,000 in the Net Periodic Benefit Cost for the Pension Plan. (See Note 10 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements.)

**Income Taxes**—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as 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

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Company accounts for income tax assets, liabilities and expenses in accordance with the 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 of the jurisdictions 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. The Company 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 that gave rise to the revision become known.

**Commitments and Contingencies**—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2020, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the "Contractual Obligations" section and the Commitments and Contingencies footnote to the Company's consolidated financial statements.

Refer to "Recently Issued Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

**For additional information regarding the foregoing matters, see Note 1 (Summary of Significant Accounting Policies), Note 7 (Energy Supply), Note 8 (Commitments and Contingencies), Note 9 (Income Taxes), and Note 10 (Retirement Benefit Plans) to the Consolidated Financial Statements.**

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

Please also refer to Part I, Item 1A. "Risk Factors".

#### ***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 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 rate on short-term borrowings and intercompany money pool transactions was 1.7%, 3.4%, and 3.3% during 2020, 2019, and 2018, respectively.

#### ***COMMODITY PRICE RISK***

Although Unitil's three distribution utilities are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of 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. Additionally, as discussed in the section entitled *Rates and Regulation* in Part I, Item 1 (Business) and in Note 8 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements, the Company has divested its long-term power supply contracts and therefore, further reduced its exposure to commodity risk.

**Item 8. Financial Statements and Supplementary Data**

**Report of Independent Registered Public Accounting Firm**

To the shareholders and the Board of Directors of Unitil Corporation:

**Opinions on the Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying consolidated balance sheets of Unitil Corporation and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of earnings, changes in common stock equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework (2013) issued by COSO.

**Basis for Opinions**

The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

**Definition and Limitations of Internal Control over Financial Reporting**

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of



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records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Impact of Rate-Regulation on Various Account Balances and Disclosures—Refer to Notes 1 and 8 to the financial statements***

#### *Critical Audit Matter Description*

Until's (the "Company") principal business is the distribution of electricity and natural gas and is subject to regulation by the Massachusetts, New Hampshire and Maine Public Service Commissions as well as the Federal Energy Regulatory Commission (the "Commissions"). Accordingly, the Company accounts for their regulated operations in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 980, Regulated Operations, and 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 Commission. 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, 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. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Accounting for the economics of rate regulation affects multiple financial statement line items, including property, plant, and equipment; regulatory assets and liabilities; operating revenues; and depreciation expense, and affects multiple disclosures in the Company's financial statements. While the Company has indicated that it expects to recover costs and a return on its investments, there is a risk that the Commissions' will not approve full recovery of the costs of providing utility service or recovery of all amounts invested in the utility business and a reasonable return on that investment. As a result, we identified the impact of rate regulation as a critical audit matter due to the high degree of subjectivity involved in assessing the impact of current and future regulatory orders on events that have occurred as of December 31, 2020, and the judgments made by management to support its assertions about impacted account balances and disclosures. Management judgments included assessing the likelihood of (1) recovery in future rates of incurred costs or (2) refunds to customers or future reduction in rates. Given that management's accounting judgments are based on assumptions about the outcome of future decisions by the commissions, auditing these judgments requires specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the uncertainty of future decisions by the Commissions included the following, among others:

- We tested the effectiveness of controls over the relevant regulatory account balances and disclosures, including management's controls over the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We made inquiries of management and read relevant regulatory orders and settlements issued by the Commissions in Massachusetts, New Hampshire and Maine, regulatory statutes, interpretations, procedural memorandums, filings made by interveners or the Company, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the Commissions' treatment of similar costs under similar circumstances. We evaluated this external information and compared to management's recorded regulatory asset and liability balances and searched for any evidence that might contradict management's assertions.
- We obtained an analysis from management describing the orders and filings that support management's assertions regarding the probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities to assess management's assertion that amounts are probable of recovery or a future reduction in rates.

/s/ Deloitte & Touche LLP  
Boston, MA  
February 2, 2021

We have served as the Company's auditor since 2014.

[Table of Contents](#)**CONSOLIDATED STATEMENTS OF EARNINGS***(Millions, except per share data)*

<u>Year Ended December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Operating Revenues:</b>			
Gas	\$191.4	\$203.4	\$216.1
Electric	227.2	233.9	223.3
Other	—	0.9	4.7
Total Operating Revenues	<u>418.6</u>	<u>438.2</u>	<u>444.1</u>
<b>Operating Expenses:</b>			
Cost of Gas Sales	68.8	81.2	99.2
Cost of Electric Sales	134.3	142.0	131.4
Operation and Maintenance	65.7	67.2	69.5
Depreciation and Amortization	54.5	52.0	50.4
Taxes Other Than Income Taxes	23.9	22.7	22.4
Total Operating Expenses	<u>347.2</u>	<u>365.1</u>	<u>372.9</u>
<b>Operating Income</b>	<b>71.4</b>	<b>73.1</b>	<b>71.2</b>
Interest Expense, Net	23.8	23.7	24.0
Other Expense (Income), Net	5.2	(8.6)	5.8
<b>Income Before Income Taxes</b>	<b>42.4</b>	<b>58.0</b>	<b>41.4</b>
Provision for Income Taxes	<u>10.2</u>	<u>13.8</u>	<u>8.4</u>
<b>Net Income Applicable to Common Shares</b>	<b>\$ 32.2</b>	<b>\$ 44.2</b>	<b>\$ 33.0</b>
Earnings per Common Share—Basic and Diluted	\$ 2.15	\$ 2.97	\$ 2.23
Weighted Average Common Shares Outstanding—(Basic and Diluted)	15.0	14.9	14.8

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

[Table of Contents](#)**CONSOLIDATED BALANCE SHEETS (Millions)****ASSETS**

<u>December 31,</u>	<u>2020</u>	<u>2019</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 6.0	\$ 5.2
Accounts Receivable, Net	62.0	55.1
Accrued Revenue	50.9	50.0
Exchange Gas Receivable	4.9	6.1
Gas Inventory	0.6	0.8
Materials and Supplies	8.5	7.9
Prepayments and Other	6.4	5.8
Total Current Assets	<u>139.3</u>	<u>130.9</u>
<b>Utility Plant:</b>		
Gas	920.2	837.7
Electric	575.9	529.7
Common	64.1	62.7
Construction Work in Progress	34.8	37.4
Utility Plant	1,595.0	1,467.5
Less: Accumulated Depreciation	401.8	356.0
Net Utility Plant	<u>1,193.2</u>	<u>1,111.5</u>
<b>Other Noncurrent Assets:</b>		
Regulatory Assets	127.4	112.0
Operating Lease Right of Use Assets	5.2	4.0
Other Assets	12.8	12.4
Total Other Noncurrent Assets	<u>145.4</u>	<u>128.4</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,477.9</u></u>	<u><u>\$ 1,370.8</u></u>

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

[Table of Contents](#)**CONSOLIDATED BALANCE SHEETS (cont.)** (Millions, except number of shares)**LIABILITIES AND CAPITALIZATION**

<u>December 31,</u>	<u>2020</u>	<u>2019</u>
<b>Current Liabilities:</b>		
Accounts Payable	\$ 33.2	\$ 37.6
Short-Term Debt	54.7	58.6
Long-Term Debt, Current Portion	8.5	19.5
Regulatory Liabilities	5.5	7.4
Energy Supply Obligations	10.4	10.5
Environmental Obligations	0.3	0.6
Other Current Liabilities	23.5	25.6
Total Current Liabilities	<u>136.1</u>	<u>159.8</u>
<b>Noncurrent Liabilities:</b>		
Retirement Benefit Obligations	162.3	141.9
Deferred Income Taxes, Net	109.0	103.6
Cost of Removal Obligations	105.2	96.0
Regulatory Liabilities	44.3	46.6
Environmental Obligations	1.8	2.1
Other Noncurrent Liabilities	6.9	6.5
Total Noncurrent Liabilities	<u>429.5</u>	<u>396.7</u>
<b>Capitalization:</b>		
Long-Term Debt, Less Current Portion	523.1	437.5
Stockholders' Equity:		
Common Equity (Outstanding 15,012,310 and 14,930,170 Shares)	285.3	282.5
Retained Earnings	103.7	94.1
Total Common Stock Equity	<u>389.0</u>	<u>376.6</u>
Preferred Stock	0.2	0.2
Total Stockholders' Equity	<u>389.2</u>	<u>376.8</u>
Total Capitalization	<u>912.3</u>	<u>814.3</u>
<b>Commitments and Contingencies (Note 8)</b>		
<b>TOTAL LIABILITIES AND CAPITALIZATION</b>	<u><u>\$1,477.9</u></u>	<u><u>\$1,370.8</u></u>

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

[Table of Contents](#)**CONSOLIDATED STATEMENTS OF CASH FLOWS (Millions)**

<u>Year Ended December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Operating Activities:</b>			
Net Income	\$ 32.2	\$ 44.2	\$ 33.0
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	54.5	52.0	50.4
Deferred Tax Provision	9.3	13.5	8.0
Gain on Divestiture, net (See Note 1)	—	(13.4)	—
Changes in Working Capital Items:			
Accounts Receivable	(6.9)	11.7	0.6
Accrued Revenue	(0.9)	4.7	(1.4)
Regulatory Liabilities	(1.9)	(4.1)	2.3
Exchange Gas Receivable	1.2	2.0	(2.3)
Accounts Payable	(4.4)	(5.0)	1.1
Other Changes in Working Capital Items	(2.4)	4.6	3.6
Deferred Regulatory and Other Charges	(9.3)	(5.3)	(11.3)
Other, net	4.3	—	(5.5)
Cash Provided by Operating Activities	<u>75.7</u>	<u>104.9</u>	<u>78.5</u>
<b>Investing Activities:</b>			
Property, Plant and Equipment Additions	(122.6)	(119.2)	(102.4)
Proceeds from Divestiture, Net (See Note 1)	—	13.4	—
Cash Used In Investing Activities	<u>(122.6)</u>	<u>(105.8)</u>	<u>(102.4)</u>
<b>Financing Activities:</b>			
(Repayment of) Proceeds from Short-Term Debt, net	(3.9)	(24.2)	44.5
Issuance of Long-Term Debt	99.7	70.0	30.0
Repayment of Long-Term Debt	(24.8)	(18.8)	(30.1)
Long-Term Debt Issuance Costs	(0.6)	(0.4)	(0.1)
Decrease in Capital Lease Obligations	(0.1)	(5.3)	(3.0)
Net (Decrease) Increase in Exchange Gas Financing	(1.1)	(2.0)	2.1
Dividends Paid	(22.6)	(22.1)	(21.8)
Proceeds from Issuance of Common Stock	1.1	1.1	1.2
Cash Provided by (Used In) Financing Activities	<u>47.7</u>	<u>(1.7)</u>	<u>22.8</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>0.8</u>	<u>(2.6)</u>	<u>(1.1)</u>
Cash and Cash Equivalents at Beginning of Year	<u>5.2</u>	<u>7.8</u>	<u>8.9</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6.0</u>	<u>\$ 5.2</u>	<u>\$ 7.8</u>
<b>Supplemental Information:</b>			
Interest Paid	\$ 23.7	\$ 24.1	\$ 24.6
Income Taxes Paid	\$ 0.9	\$ 0.8	\$ 0.4
Payments on Capital Leases	\$ 0.3	\$ 5.5	\$ 3.3
Capital Expenditures Included in Accounts Payable	\$ 1.7	\$ 0.6	\$ 0.5
Non-Cash Additions to Property, Plant and Equipment	\$ —	\$ —	\$ —
Right-of-Use Assets Obtained in Exchange for Lease Obligations	\$ 1.2	\$ 4.0	\$ —

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

[Table of Contents](#)**CONSOLIDATED STATEMENTS OF  
CHANGES IN COMMON STOCK EQUITY** (Millions, except shares data)

	<u>Common Equity</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance at January 1, 2018</b>	\$ 275.8	\$ 60.8	<b>\$336.6</b>
Net Income for 2018		33.0	<b>33.0</b>
Dividends (\$1.46 per Common Share)		(21.8)	<b>(21.8)</b>
Shares Issued Under Stock Plans	2.1		<b>2.1</b>
Issuance of 25,932 Common Shares (See Note 6)	<u>1.2</u>		<u><b>1.2</b></u>
<b>Balance at December 31, 2018</b>	279.1	72.0	<b>351.1</b>
Net Income for 2019		44.2	<b>44.2</b>
Dividends (\$1.48 per Common Share)		(22.1)	<b>(22.1)</b>
Shares Issued Under Stock Plans	2.3		<b>2.3</b>
Issuance of 20,065 Common Shares (See Note 6)	<u>1.1</u>		<u><b>1.1</b></u>
<b>Balance at December 31, 2019</b>	282.5	94.1	<b>376.6</b>
Net Income for 2020		32.2	<b>32.2</b>
Dividends (\$1.50 per Common Share)		(22.6)	<b>(22.6)</b>
Shares Issued Under Stock Plans	1.7		<b>1.7</b>
Issuance of 23,658 Common Shares (See Note 6)	<u>1.1</u>		<u><b>1.1</b></u>
<b>Balance at December 31, 2020</b>	<u>\$ 285.3</u>	<u>\$ 103.7</u>	<u><b>\$389.0</b></u>

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

**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 are seasonal and are typically higher in the first and fourth quarters when customers use natural 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 natural 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, 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 natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the 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. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier for Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. 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 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 Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource), which the Company divested of in the first quarter of 2019, were wholly-owned subsidiaries of Unitil Resources. Usource provided energy brokering and advisory services to large commercial and industrial customers in the northeastern United States.

**Divestiture of Non-Regulated Business Subsidiary** – On March 1, 2019, the Company divested of its non-regulated energy brokering and advisory business subsidiary, Usource. The Company recognized an after-tax net gain of approximately \$9.8 million on this divestiture in the first quarter of 2019. The pre-tax net gain of approximately \$13.4 million on this divestiture is included in Other Income (Expense), Net on the Consolidated Statements of Earnings for the year-ended December 31, 2019, while the income taxes associated with this transaction of \$3.6 million are included in the Provision For Income Taxes.

**Basis of Presentation**

**Principles of Consolidation**—The Company's consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries and all intercompany transactions are eliminated in consolidation.



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

**Fair Value**—The Financial Accounting Standards Board (FASB) Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification include:

- Level 1— Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2— Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3— Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

There have been no changes in the valuation techniques used during the current period.

**Utility Revenue Recognition** - Gas Operating Revenues and Electric 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.

Billed and unbilled 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.

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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.

Gas and Electric Operating Revenues (millions):	Twelve Months Ended December 31, 2020		
	Gas	Electric	Total
<b>Billed and Unbilled Revenue:</b>			
Residential	\$ 73.1	\$ 128.7	\$ 201.8
Commercial & Industrial	104.5	91.4	195.9
Other	7.6	6.6	14.2
Total Billed and Unbilled Revenue	185.2	226.7	411.9
Rate Adjustment Mechanism Revenue	6.2	0.5	6.7
<b>Total Gas and Electric Operating Revenues</b>	<b>\$ 191.4</b>	<b>\$ 227.2</b>	<b>\$ 418.6</b>

Gas and Electric Operating Revenues (millions):	Twelve Months Ended December 31, 2019		
	Gas	Electric	Total
<b>Billed and Unbilled Revenue:</b>			
Residential	\$ 81.4	\$ 121.5	\$ 202.9
Commercial & Industrial	120.1	93.8	213.9
Other	10.6	7.8	18.4
Total Billed and Unbilled Revenue	212.1	223.1	435.2
Rate Adjustment Mechanism Revenue	(8.7)	10.8	2.1
<b>Total Gas and Electric Operating Revenues</b>	<b>\$ 203.4</b>	<b>\$ 233.9</b>	<b>\$ 437.3</b>

Gas and Electric Operating Revenues (millions):	Twelve Months Ended December 31, 2018		
	Gas	Electric	Total
<b>Billed and Unbilled Revenue:</b>			
Residential	\$ 81.4	\$ 123.6	\$ 205.0
Commercial & Industrial	119.7	96.4	216.1
Other	9.6	8.7	18.3
Total Billed and Unbilled Revenue	210.7	228.7	439.4
Rate Adjustment Mechanism Revenue	5.4	(5.4)	—
<b>Total Gas and Electric Operating Revenues</b>	<b>\$ 216.1</b>	<b>\$ 223.3</b>	<b>\$ 439.4</b>

Fitchburg is subject to revenue decoupling. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. The difference between distribution revenue amounts billed to customers and the targeted revenue decoupling amounts is recorded as an increase or a decrease in the current portion of 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 that the Company files with the Massachusetts Department of Public Utilities (MDPU). The Company estimates that revenue decoupling applies to approximately 27% and 11% of Unital's total annual electric and natural gas sales volumes, respectively.

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The Company bills its customers for sales tax in Massachusetts and Maine. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

**Other Operating Revenue—Non-regulated** – Other Operating Revenue consists solely of revenue from Usource, Unital's non-regulated subsidiary, which, the Company divested on March 1, 2019. Usource conducted its business activities as a broker of competitive energy services. Usource did not take title to the electric and gas commodities which were the subject of the brokerage contracts. The Company recorded energy brokering revenues based upon the amount of electricity and gas delivered to customers through the end of the accounting period. Usource partnered with certain entities to facilitate these brokerage services and paid these entities a fee under revenue sharing agreements.

**Depreciation and Amortization**—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material effect on the Company's consolidated financial statements. Provisions for depreciation were equivalent to the following composite rates, based on the average depreciable property balances at the beginning and end of each year: 2020 – 3.34%, 2019 – 3.41% and 2018 – 3.38%.

**Stock-based Employee Compensation**—Unital accounts for stock-based employee compensation using the fair value-based method (See Note 6 (Equity)).

**Sales and Consumption Taxes**—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings. The consumption tax in New Hampshire has been repealed effective January 1, 2019.

**Income Taxes**—The Company is subject to Federal and State income taxes as well as various other business taxes. The Company's process for determining income tax amounts involves estimating the Company's current tax liabilities as well as 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 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 of the jurisdictions 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.

**Dividends**—The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. For the year ended December 31, 2020 the Company paid quarterly dividends of \$0.375 per share, resulting in an annualized dividend rate of \$1.50 per common share. For the years ended December 31, 2019 and 2018, the Company paid quarterly dividends of \$0.37 and \$0.365 per common share, respectively, resulting in annualized dividend rates of \$1.48 and \$1.46 per common share, respectively. At its January 2021 meeting, the Unital Corporation Board of Directors declared a quarterly dividend on the Company's common stock of

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\$0.38 per share, an increase of \$0.005 per share on a quarterly basis, resulting in an increase in the effective annualized dividend rate to \$1.52 per share from \$1.50 per share.

**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. On December 31, 2020 and 2019, the Unitil subsidiaries had deposited \$2.4 million and \$1.9 million, respectively, to satisfy their ISO-NE obligations.

**Financial Instruments** —In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, “Financial Instruments—Credit Losses (Topic 326)”, which provides a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. Under the new guidance, immediate recognition of all credit losses expected over the life of a financial instrument is required. The Company adopted this standard on the accounting for credit losses on its financial instruments, including accounts receivable, on January 1, 2020, and it did not have a material effect on the financial statements.

**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, which is adjusted for current conditions, customer trends, or other factors such as macroeconomic conditions, to customer account balances. 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 their 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. See Note 4 (Allowance for Doubtful Accounts).

Accounts Receivable, Net includes \$3.1 million and \$1.0 million of the Allowance for Doubtful Accounts at December 31, 2020 and December 31, 2019, respectively. Unbilled Revenues, net (a component of Accrued Revenue) includes \$0.2 million of the Allowance for Doubtful Accounts at December 31, 2020.

**Accrued Revenue**—Accrued Revenue includes the current portion of Regulatory Assets (see “Regulatory Accounting”) and unbilled revenues (see “Utility Revenue Recognition”). The following table shows the components of Accrued Revenue as of December 31, 2020 and 2019.

<b>Accrued Revenue (millions)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Regulatory Assets—Current	<b>\$ 37.3</b>	<b>\$ 35.8</b>
Unbilled Revenues	<b>13.6</b>	<b>14.2</b>
<b>Total Accrued Revenue</b>	<b>\$ 50.9</b>	<b>\$ 50.0</b>

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**Exchange Gas Receivable**—Northern Utilities and Fitchburg have gas exchange and storage agreements whereby natural gas purchases during the months of April through October are delivered to a third-party. The third-party delivers natural 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 December 31, 2020 and 2019.

<b>Exchange Gas Receivable (millions)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Northern Utilities	<b>\$ 4.4</b>	\$ 5.5
Fitchburg	<b>0.5</b>	0.6
<b>Total Exchange Gas Receivable</b>	<b><u>\$ 4.9</u></b>	<b><u>\$ 6.1</u></b>

**Gas Inventory**—The Company uses the weighted average cost methodology to value natural gas inventory. The following table shows the components of Gas Inventory as of December 31, 2020 and 2019.

<b>Gas Inventory (millions)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Natural Gas	<b>\$ 0.2</b>	\$ 0.4
Propane	<b>0.3</b>	0.3
Liquefied Natural Gas & Other	<b>0.1</b>	0.1
<b>Total Gas Inventory</b>	<b><u>\$ 0.6</u></b>	<b><u>\$ 0.8</u></b>

The Company also has an inventory of Materials and Supplies in the amounts of \$8.5 million and \$7.9 million as of December 31, 2020 and December 31, 2019, respectively. These amounts are recorded at weighted average cost.

**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 average interest rates applied to AFUDC were 3.12%, 3.90% and 2.70% in 2020, 2019 and 2018, respectively. 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 December 31, 2020 and 2019, the Company has recorded cost of removal amounts of \$105.2 million and \$96.0 million, respectively, that have been collected in depreciation rates but have not yet been expended, and which represent regulatory liabilities. These amounts are recorded on the Consolidated Balance Sheets in Cost of Removal Obligations.

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**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 New Hampshire Public Utilities Commission (NHPUC) and Northern Utilities is regulated by the Maine Public Utilities Commission (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.

<b>Regulatory Assets consist of the following (millions)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Retirement Benefits	<b>\$103.7</b>	\$ 88.9
Energy Supply & Other Rate Adjustment Mechanisms	<b>34.1</b>	31.0
Deferred Storm Charges	<b>4.1</b>	5.6
Environmental	<b>5.2</b>	7.2
Income Taxes	<b>3.4</b>	4.2
Other Deferred Charges	<b>14.2</b>	10.9
<b>Total Regulatory Assets</b>	<b>164.7</b>	147.8
Less: Current Portion of Regulatory Assets <sup>(1)</sup>	<b>37.3</b>	35.8
<b>Regulatory Assets—noncurrent</b>	<b>\$127.4</b>	<b>\$112.0</b>

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

<b>Regulatory Liabilities consist of the following (millions)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Rate Adjustment Mechanisms	<b>\$ 4.1</b>	\$ 6.0
Income Taxes	<b>45.5</b>	47.6
Other	<b>0.2</b>	0.4
<b>Total Regulatory Liabilities</b>	<b>49.8</b>	54.0
Less: Current Portion of Regulatory Liabilities	<b>5.5</b>	7.4
<b>Regulatory Liabilities—noncurrent</b>	<b>\$44.3</b>	<b>\$ 46.6</b>

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Included in Regulatory Assets as of December 31, 2020 are \$8.0 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.

**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

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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 on a straight-line basis over the lease term. The Company recognizes those lease payments in the Consolidated Statements of Earnings on a straight-line basis over the lease term. See additional discussion in the "Leases" section of Note 5 (Debt and Financing Arrangements).

**Derivatives**—The Company's regulated energy subsidiaries enter into energy supply contracts to serve their electric and gas customers. The Company follows a procedure for determining whether each contract qualifies as a derivative instrument under the guidance provided by the FASB Codification on Derivatives and Hedging. For each contract, the Company reviews and documents the key terms of the contract. Based on those terms and any additional relevant components of the contract, the Company determines and documents whether the contract qualifies as a derivative instrument as defined in the FASB Codification. 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.

The Company previously operated a regulatory approved hedging program for Northern Utilities designed to fix or cap a portion of its gas supply costs for the coming years of service, which included use of derivative instruments. The hedging program was terminated in 2018.

Under the hedging program previously operated by Northern Utilities, any gains or losses resulting from the change in the fair value of these derivatives were passed through to ratepayers directly through Northern Utilities' Cost of Gas Clause. The fair value of these derivatives was determined using Level 2 inputs (valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company recorded gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassified these gains or losses into Cost of Gas Sales when the gains and losses were passed through to customers through the Cost of Gas Clause.

The Company had no derivative assets or liabilities recorded on its Consolidated Balance Sheets as of December 31, 2020 and December 31, 2019. There were no losses / (gains) recognized in Regulatory Assets / Liabilities for the years ended December 31, 2020 and 2019. There were no losses / (gains) reclassified into the Consolidated Statements of Earnings for the years ended December 31, 2020, 2019 and 2018.

Fitchburg has entered into power purchase agreements for which contingencies exist (see "Fitchburg – Massachusetts RFP's" section of Note 8 (Commitments and Contingencies)). 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 SERP (See additional discussion of the SERP in Note 10 (Retirement Benefit Plans)).

At December 31, 2020 and 2019, the fair value of the Company's investments in these trading securities, which are recorded on the Consolidated Balance Sheets in Other Assets, were \$5.7 million and \$5.6 million, respectively, as shown in the table below. 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 (Income) Expense, Net.

<u>Fair Value of Marketable Securities (millions)</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Money Market Funds	<u>\$5.7</u>	<u>\$ 5.6</u>
<b>Total Marketable Securities</b>	<u><b>\$5.7</b></u>	<u><b>\$ 5.6</b></u>

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The Company also sponsors the Unitil 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 December 31, 2020 and 2019, 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 \$0.5 million and \$0.2 million, respectively. 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 (Income) Expense, Net.

<u>Fair Value of Marketable Securities (millions)</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Equity Funds	<u>\$ 0.2</u>	<u>\$ 0.1</u>
Money Market Funds	<u>0.3</u>	<u>0.1</u>
<b>Total Marketable Securities</b>	<b><u>\$ 0.5</u></b>	<b><u>\$ 0.2</u></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.

<u>Energy Supply Obligations consist of the following: (millions)</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Current:		
Exchange Gas Obligation	<u>\$ 4.4</u>	<u>\$ 5.5</u>
Renewable Energy Portfolio Standards	<u>5.7</u>	<u>4.7</u>
Power Supply Contract Divestitures	<u>0.3</u>	<u>0.3</u>
Total Energy Supply Obligations—Current	<u>10.4</u>	<u>10.5</u>
Noncurrent:		
Power Supply Contract Divestitures	<u>—</u>	<u>0.3</u>
<b>Total Energy Supply Obligations</b>	<b><u>\$ 10.4</u></b>	<b><u>\$ 10.8</u></b>

**Exchange Gas Obligation**—Northern Utilities enters into gas exchange agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural 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. Unitil 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. Unitil Energy and Fitchburg collect RPS compliance costs from customers throughout the year and demonstrate compliance



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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, Unitil 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 seven of these contracts have been constructed and are now operating. In 2020, three of the long-term contracts were terminated due to an inability to meet critical milestones. In 2018, the Company filed two long-term contracts with the MDPU, one for offshore wind generation and another for imported hydroelectric power and associated transmission. Those contracts were approved in 2019. In 2019, the Company participated in an additional statewide procurement for offshore wind generation and the resulting contracts were filed with the MDPU during the first quarter of 2020. An Order approving the contracts was issued by the MDPU in November 2020 but the Attorney General's Office immediately filed a Motion for Reconsideration on the issue of remuneration. The matter is pending at the MDPU. In compliance with An Act to Promote a Clean Energy Future (2018), in late 2020 in coordination with the other electric utilities in Massachusetts, the Company began efforts on the next long-term renewable procurement which will seek up to an additional 1,600MW of offshore wind generation. Fitchburg recovers the costs associated with long-term renewable contracts on a fully reconciling basis through a MDPU-approved cost recovery mechanism.

**Power Supply Contract Divestitures**—Unitil Energy's and Fitchburg's customers are entitled to purchase their electric or natural gas supplies from third-party suppliers. In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs. As of December 31, 2020, Fitchburg has fully-recovered its power supply-related stranded costs and Unitil Energy has \$0.3 million remaining to recover. The obligations related to these divestitures are recorded in Energy Supply Obligations (current portion) and Other Noncurrent Liabilities (noncurrent portion) on the Company's Consolidated Balance Sheets with corresponding regulatory assets recorded in Accrued Revenue (current portion) and Regulatory Assets (noncurrent portion).

**Retirement Benefit Obligations**—The Company sponsors the Pension Plan, which is a defined benefit pension plan. Effective January 1, 2010, the Pension Plan was closed to new non-union employees. For union employees, the Pension Plan was closed on various dates between December 31, 2010 and June 1, 2013, depending on the various Collective Bargaining Agreements of each union. The Company also sponsors a non-qualified retirement plan, the SERP, covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the PBOP Plan, primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of its retirement benefit obligations (RBO) based on the projected benefit obligations. The Company has recognized a corresponding Regulatory Asset, reflecting ultimate recovery from customers through rates. The regulatory asset (or regulatory liability) is amortized as the actuarial gains and losses and prior service cost are amortized to net periodic benefit cost for the Pension and PBOP plans. All amounts are remeasured annually. (See Note 10 (Retirement Benefit Plans)).

**Commitments and Contingencies**—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2020, the Company is not aware of any material commitments or contingencies other than those disclosed in Note 8 (Commitments and Contingencies).

**Environmental Matters**—The Company’s past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has recovered or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2020, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 8 (Commitments and Contingencies). Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company’s financial position if those amounts are not recoverable in regulatory rate mechanisms.

**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: Quarterly Financial Information (unaudited; millions, except per share data)**

Quarterly earnings per share may not agree with the annual amounts due to rounding and the effect of additional common share issuances. Basic and Diluted Earnings per Share are the same for the periods presented. The Company divested Usource in the first quarter of 2019 (see Note 1 (Summary of Significant Accounting Policies)).

	Three Months Ended							
	March 31,		June 30,		September 30,		December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Total Operating Revenues	\$ 130.4	\$ 152.1	\$ 83.9	\$ 84.4	\$ 87.4	\$ 85.3	\$ 116.9	\$ 116.4
Operating Income	\$ 27.6	\$ 28.8	\$ 11.1	\$ 12.3	\$ 7.4	\$ 10.0	\$ 25.3	\$ 22.0
Net Income Applicable to Common	\$ 15.2	\$ 26.5	\$ 3.1	\$ 4.0	\$ 0.3	\$ 2.3	\$ 13.6	\$ 11.4
	<b>Per Share Data:</b>							
Earnings Per Common Share	\$ 1.02	\$ 1.78	\$ 0.21	\$ 0.27	\$ 0.02	\$ 0.15	\$ 0.90	\$ 0.77
Dividends Paid Per Common Share	\$ 0.375	\$ 0.37	\$ 0.375	\$ 0.37	\$ 0.375	\$ 0.37	\$ 0.375	\$ 0.37

**Note 3: Segment Information**

Unitil reports three segments: utility gas operations, utility electric operations and non-regulated. Unitil’s principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural 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, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers. Granite State is included in the utility gas operations segment.

Unitil Resources is the Company’s wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource), which the Company divested of in the first quarter of 2019, were wholly-owned subsidiaries of Unitil Resources. Usource provided brokering and advisory services to large commercial and industrial customers in the northeastern United States. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies. Unitil Resources and Usource are included in the Non-Regulated segment.

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Unitil Realty, Unitil Service and the holding company are included in Other. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries' use.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies. Intersegment sales take place at cost and the effects of all intersegment and/or intercompany transactions are eliminated in the consolidated financial statements. Segment profit or loss is based on profit or loss from operations after income taxes and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the FERC, NHPUC, MDPU, and MPUC. Assets allocated to each segment are based upon specific identification of such assets provided by Company records.

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The following tables provide significant segment financial data for the years ended December 31, 2020, 2019 and 2018 (millions):

<u>Year Ended December 31, 2020</u>	<u>Gas</u>	<u>Electric</u>	<u>Non-Regulated</u>	<u>Other</u>	<u>Total</u>
<b>Revenues:</b>					
Billed and Unbilled Revenue	\$ 185.2	\$ 226.7	\$ —	\$ —	\$ 411.9
Rate Adjustment Mechanism Revenue	6.2	0.5	—	—	6.7
Total Operating Revenues	191.4	227.2	—	—	418.6
Interest Income	1.1	1.1	—	0.4	2.6
Interest Expense	14.2	8.7	—	3.5	26.4
Depreciation & Amortization Expense	29.8	23.8	—	0.9	54.5
Income Tax Expense (Benefit)	7.3	4.7	—	(1.8)	10.2
Segment Profit	19.3	12.9	—	—	32.2
Segment Assets	886.3	571.8	—	19.8	1,477.9
Capital Expenditures	71.1	45.5	—	6.0	122.6
<b>Year Ended December 31, 2019</b>					
<b>Revenues:</b>					
Billed and Unbilled Revenue	\$ 212.1	\$ 223.1	\$ —	\$ —	\$ 435.2
Rate Adjustment Mechanism Revenue	(8.7)	10.8	—	—	2.1
Other Operating Revenue—Non-Regulated	—	—	0.9	—	0.9
Total Operating Revenues	203.4	233.9	0.9	—	438.2
Interest Income	1.2	0.9	0.2	0.6	2.9
Interest Expense	14.4	9.4	—	2.8	26.6
Depreciation & Amortization Expense	28.5	22.6	—	0.9	52.0
Income Tax Expense (Benefit)	7.2	4.2	3.8	(1.4)	13.8
Segment Profit	19.1	11.5	10.2	3.4	44.2
Segment Assets	823.3	529.3	0.3	17.9	1,370.8
Capital Expenditures	74.0	39.6	—	5.6	119.2
<b>Year Ended December 31, 2018</b>					
<b>Revenues:</b>					
Billed and Unbilled Revenue	\$ 210.7	\$ 228.7	\$ —	\$ —	\$ 439.4
Rate Adjustment Mechanism Revenue	5.4	(5.4)	—	—	—
Other Operating Revenue—Non-Regulated	—	—	4.7	—	4.7
Total Operating Revenues	216.1	223.3	4.7	—	444.1
Interest Income	0.8	0.8	0.2	0.6	2.4
Interest Expense	14.2	9.0	—	3.2	26.4
Depreciation & Amortization Expense	24.9	23.1	0.1	2.3	50.4
Income Tax Expense (Benefit)	7.1	4.2	0.5	(3.4)	8.4
Segment Profit	18.8	11.4	1.3	1.5	33.0
Segment Assets	764.1	484.2	6.9	43.1	1,298.3
Capital Expenditures	70.8	28.4	—	3.2	102.4

**Note 4: Allowance for Doubtful Accounts**

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2020, 2019 and 2018, the Company recorded provisions for the energy commodity portion of bad debts of \$1.6 million, \$2.3 million and \$2.6 million, respectively. These provisions were recognized in Cost of Gas Sales and Cost of Electric Sales expense as the associated electric and gas utility revenues were billed. Cost of Gas Sales and Cost of Electric Sales costs are recovered from customers through periodic rate reconciling mechanisms. Also, 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 December 31, 2020 and 2019, the Company has recorded \$6.8 million and \$5.6 million, respectively, of hardship accounts in Regulatory Assets. The Company currently receives recovery in rates or expects to receive recovery of these hardship accounts in future rate cases.

Accounts Receivable, Net includes \$3.1 million and \$1.0 million of the Allowance for Doubtful Accounts at December 31, 2020 and December 31, 2019, respectively. Unbilled Revenues, net (a component of Accrued Revenue) includes \$0.2 million of the Allowance for Doubtful Accounts at December 31, 2020.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2018—2020 (millions):

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

	Balance at Beginning of Period	Provision	Recoveries	Accounts Written Off	Regulatory Deferrals*	Balance at End of Period
<b>Year Ended December 31, 2020</b>						
Electric	\$ 0.6	\$ 2.9	\$ 0.3	\$ 2.6	\$ 0.4	\$ 1.6
Gas	0.4	2.6	0.3	1.8	0.2	1.7
Other	—	—	—	—	—	—
	<u>\$ 1.0</u>	<u>\$ 5.5</u>	<u>\$ 0.6</u>	<u>\$ 4.4</u>	<u>\$ 0.6</u>	<u>\$ 3.3</u>
<b>Year Ended December 31, 2019</b>						
Electric	\$ 0.5	\$ 3.0	\$ 0.3	\$ 3.2	\$ —	\$ 0.6
Gas	0.8	1.9	0.5	2.8	—	0.4
Other	—	—	—	—	—	—
	<u>\$ 1.3</u>	<u>\$ 4.9</u>	<u>\$ 0.8</u>	<u>\$ 6.0</u>	<u>\$ —</u>	<u>\$ 1.0</u>
<b>Year Ended December 31, 2018</b>						
Electric	\$ 0.9	\$ 3.2	\$ 0.3	\$ 3.9	\$ —	\$ 0.5
Gas	0.6	2.9	0.3	3.0	—	0.8
Other	0.1	(0.1)	—	—	—	—
	<u>\$ 1.6</u>	<u>\$ 6.0</u>	<u>\$ 0.6</u>	<u>\$ 6.9</u>	<u>\$ —</u>	<u>\$ 1.3</u>

\* The Company has incurred greater than normal bad debt expense due to the coronavirus pandemic. Incremental bad debt expense amounts have been deferred as regulatory assets based on certain regulatory proceedings and management's belief that such amounts are probable of recovery (See the "Financial Effects of COVID-19 Pandemic" section in Note 8 (Commitments and Contingencies)). The Company will track the collection of receivables and to the extent incremental bad debt amounts are collected in the future, such amounts will reduce the regulatory assets recorded.

**Note 5: Debt and Financing Arrangements**

The Company funds a portion of its operations through the issuance of long-term debt, and short-term borrowings under its revolving Credit Facility. The Company's subsidiaries conduct a portion of their operations in leased facilities and lease some of their machinery, vehicles and office equipment.

## Long-Term Debt and Interest Expense

**Long-Term Debt Structure and Covenants**—The debt agreements for Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil long-term debt agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under Unitil's present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of certain Unitil subsidiaries or certain other actions against Unitil subsidiaries.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met, including that Unitil Energy have sufficient available net bondable plant to issue the securities and earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization. Additionally, to issue new long-term debt, Fitchburg must maintain earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State long-term debt agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. None of the Fitchburg, Northern Utilities and Granite State default provisions are triggered by the actions or defaults of Unitil or any of its other subsidiaries.

The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets.

Unitil Energy, Fitchburg, Northern Utilities and Granite State pay common dividends to their sole common shareholder, Unitil Corporation and these common dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders. The long-term debt issued by the Company and its subsidiaries contains certain covenants that determine the amount that the Company and each of these subsidiary companies has available to pay for dividends. As of December 31, 2020, in accordance with the covenants, these subsidiary companies had a combined amount of \$325.8 million available for the payment of dividends and Unitil Corporation had \$133.8 million available for the payment of dividends. As of December 31, 2020, the Company's balance in Retained Earnings was \$103.7 million. Therefore, there were no restrictions on the Company's Retained Earnings at December 31, 2020 for the payment of dividends.

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**Issuance of Long-Term Debt**— On December 18, 2020, Unitil Realty Corp. entered into a loan agreement in the amount of \$4.7 million at 2.64%, with a maturity date of December 18, 2030. Less than \$0.1 million of costs associated with this loan have been recorded as a reduction to the proceeds. Unitil Realty Corp. used the net proceeds from this loan for general corporate purposes.

On September 15, 2020, Northern Utilities issued \$40 million of Notes due 2040 at 3.78%. Fitchburg issued \$27.5 million of Notes due 2040 at 3.78%. Unitil Energy issued \$27.5 million of Bonds due 2040 at 3.58%. Northern Utilities, Fitchburg and Unitil Energy used the net proceeds from these offerings to repay short-term debt and for general corporate purposes. Approximately \$0.5 million of costs associated with these issuances have been recorded as a reduction to Long-Term Debt for presentation purposes on the Consolidated Balance Sheets.

On December 18, 2019, Unitil Corporation issued \$30 million of Notes due 2029 at 3.43%. Unitil Corporation used the net proceeds from this offering to repay short-term debt and for general corporate purposes. Approximately \$0.2 million of costs associated with these issuances have been recorded as a reduction to Long-Term Debt for presentation purposes on the Consolidated Balance Sheets.

On September 12, 2019, Northern Utilities issued \$40 million of Notes due 2049 at 4.04%. Northern Utilities used the net proceeds from this offering to repay short-term debt and for general corporate purposes. Approximately \$0.2 million of costs associated with these issuances have been recorded as a reduction to Long-Term Debt for presentation purposes on the Consolidated Balance Sheets.

**Debt Repayment**— The total aggregate amount of debt repayments relating to bond issues and normal scheduled long-term debt repayments amounted to \$24.8 million, \$18.8 million and \$30.1 million in 2020, 2019, and 2018, respectively.

The aggregate amount of bond repayment requirements and normal scheduled long-term debt repayments for each of the five years following 2020 is: 2021—\$8.8 million; 2022—\$23.4 million; 2023—\$6.9 million; 2024—\$7.0 million; 2025—\$7.0 million and thereafter \$482.3 million.

**Fair Value of Long-Term Debt**—Currently, the Company believes that 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.

<u>Estimated Fair Value of Long-Term Debt (millions)</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>Estimated Fair Value of Long-Term Debt</b>	<b>\$633.1</b>	<b>\$518.7</b>

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Details on long-term debt at December 31, 2020 and 2019 are shown below:

<b>Long-Term Debt (millions)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Unitil Corporation:</b>		
6.33% Senior Notes, Due May 1, 2022	\$ 15.0	\$ 20.0
3.70% Senior Notes, Due August 1, 2026	30.0	30.0
3.43% Senior Notes, Due December 18, 2029	30.0	30.0
<b>Unitil Energy First Mortgage Bonds:</b>		
5.24% Senior Secured Notes, Due March 2, 2020	—	5.0
8.49% Senior Secured Notes, Due October 14, 2024	3.0	4.5
6.96% Senior Secured Notes, Due September 1, 2028	16.0	18.0
8.00% Senior Secured Notes, Due May 1, 2031	15.0	15.0
6.32% Senior Secured Notes, Due September 15, 2036	15.0	15.0
3.58% Senior Secured Notes, Due September 15, 2040	27.5	—
4.18% Senior Secured Notes, Due November 30, 2048	30.0	30.0
<b>Fitchburg:</b>		
6.75% Senior Notes, Due November 30, 2023	1.9	3.8
6.79% Senior Notes, Due October 15, 2025	10.0	10.0
3.52% Senior Notes, Due November 1, 2027	10.0	10.0
7.37% Senior Notes, Due January 15, 2029	10.8	12.0
5.90% Senior Notes, Due December 15, 2030	15.0	15.0
7.98% Senior Notes, Due June 1, 2031	14.0	14.0
3.78% Senior Notes, Due September 15, 2040	27.5	—
4.32% Senior Notes, Due November 1, 2047	15.0	15.0
<b>Northern Utilities:</b>		
5.29% Senior Notes, Due March 2, 2020	—	8.2
3.52% Senior Notes, Due November 1, 2027	20.0	20.0
7.72% Senior Notes, Due December 3, 2038	50.0	50.0
3.78% Senior Notes, Due September 15, 2040	40.0	—
4.42% Senior Notes, Due October 15, 2044	50.0	50.0
4.32% Senior Notes, Due November 1, 2047	30.0	30.0
4.04% Senior Notes, Due September 12, 2049	40.0	40.0
<b>Granite State:</b>		
3.72% Senior Notes, Due November 1, 2027	15.0	15.0
<b>Unitil Realty Corp.:</b>		
2.64% Senior Secured Notes, Due December 18, 2030	4.7	—
Total Long-Term Debt	535.4	460.5
Less: Unamortized Debt Issuance Costs	3.8	3.5
Total Long-Term Debt, net of Unamortized Debt Issuance Costs	531.6	457.0
Less: Current Portion <sup>(1)</sup>	8.5	19.5
Total Long-Term Debt, Less Current Portion	<u>\$523.1</u>	<u>\$437.5</u>

<sup>(1)</sup> The Current Portion of Long-Term Debt includes sinking fund payments.

**Interest Expense, Net**—Interest expense is presented in the 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 calculated.

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 monthly tracking and reconciling process will produce either an



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under-collected or an over-collected balance of costs. 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. A summary of interest expense and interest income is provided in the following table:

<u>Interest Expense, Net (millions)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Interest Expense			
Long-Term Debt	\$ 24.8	\$ 22.9	\$ 23.1
Short-Term Debt	1.4	3.0	2.6
Regulatory Liabilities	0.2	0.7	0.7
Subtotal Interest Expense	<u>26.4</u>	<u>26.6</u>	<u>26.4</u>
Interest Income			
Regulatory Assets	(0.8)	(0.8)	(0.8)
AFUDC <sup>(1)</sup> and Other	(1.8)	(2.1)	(1.6)
Subtotal Interest Income	<u>(2.6)</u>	<u>(2.9)</u>	<u>(2.4)</u>
Total Interest Expense, Net	<u>\$ 23.8</u>	<u>\$ 23.7</u>	<u>\$ 24.0</u>

(1) AFUDC—Allowance for Funds Used During Construction

## Credit Arrangements

On July 25, 2018, the Company entered into a Second Amended and Restated Credit Agreement (the "Credit Facility") with a syndicate of lenders, which amended and restated in its entirety the Company's prior credit agreement, dated as of October 4, 2013, as amended. The Credit Facility extends to July 25, 2023, subject to two one-year extensions and has a borrowing limit of \$120 million, which includes a \$25 million sublimit for the issuance of standby letters of credit. The Credit Facility provides the Company with the ability to elect that borrowings under the Credit Facility bear interest under several options, including at a daily fluctuating rate of interest per annum equal to one-month London Interbank Offered Rate plus 1.125%. Provided there is no event of default, the Company may increase the borrowing limit under the Credit Facility by up to \$50 million.

The Company utilizes the Credit Facility for cash management purposes related to its short-term operating activities. Total gross borrowings were \$248.9 million and \$252.7 million for the years ended December 31, 2020 and December 31, 2019, respectively. Total gross repayments were \$252.8 million and \$276.9 million for the years ended December 31, 2020 and December 31, 2019, respectively. The following table details the borrowing limits, amounts outstanding and amounts available under the revolving Credit Facility as of December 31, 2020 and December 31, 2019:

<u>Revolving Credit Facility (millions)</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Limit	\$ 120.0	\$ 120.0
Short-Term Borrowings Outstanding	\$ 54.7	\$ 58.6
Letters of Credit Outstanding	\$ 0.1	\$ 0.1
Available	\$ 65.2	\$ 61.3

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, Unital's and its subsidiaries' ability to permit liens or incur indebtedness, and restrictions on Unital'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 Unital until the Credit Facility terminates and all amounts borrowed under the Credit Facility are paid in full (or with respect to letters of credit, they are cash collateralized). The only

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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 December 31, 2020 and December 31, 2019, the Company was in compliance with the covenants contained in the Credit Facility in effect on that date. The Company believes it has sufficient sources of working capital to fund its operations.

The weighted average interest rates on all short-term borrowings were 1.7%, 3.4%, and 3.3% during 2020, 2019, and 2018, respectively.

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

In April 2014, Unitil Service entered into a financing arrangement, structured as a capital lease obligation, for various information systems and technology equipment. Final funding under this capital lease occurred on October 30, 2015, resulting in total funding of \$13.4 million. This capital lease was paid in full in the second quarter of 2019.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was \$5.4 million and \$6.5 million of natural gas storage inventory at December 31, 2020 and 2019, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2020, which was payable in January 2021, was \$1.0 million and recorded in Accounts Payable at December 31, 2020. The amount of natural gas inventory released in December 2019, which was payable in January 2020, was \$1.0 million and recorded in Accounts Payable at December 31, 2019.

### **Contractual Obligations**

The following table lists the Company's contractual obligations for long-term debt as of December 31, 2020.

Long-Term Debt Contractual Obligations (millions) as of December 31, 2020	Total	Payments Due by Period					2026 & Beyond
		2021	2022	2023	2024	2025	
Long-Term Debt	\$535.4	\$ 8.8	\$23.4	\$ 6.9	\$ 7.0	\$ 7.0	\$482.3
Interest on Long-Term Debt	387.8	26.3	25.1	24.0	23.5	23.1	265.8
Total	<u>\$923.2</u>	<u>\$35.1</u>	<u>\$48.5</u>	<u>\$30.9</u>	<u>\$30.5</u>	<u>\$30.1</u>	<u>\$748.1</u>

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### 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 years ended December 31, 2020, 2019 and 2018 amounted to \$1.8 million, \$1.4 million and \$2.2 million respectively. The balance sheet classification of the Company's lease obligations was as follows:

Lease Obligations (millions)	December 31,	
	2020	2019
<b>Operating Lease Obligations:</b>		
Other Current Liabilities (current portion)	\$ 1.5	\$ 1.2
Other Noncurrent Liabilities (long-term portion)	3.7	2.8
Total Operating Lease Obligations	5.2	4.0
<b>Capital Lease Obligations:</b>		
Other Current Liabilities (current portion)	0.2	0.2
Other Noncurrent Liabilities (long-term portion)	0.2	0.3
Total Capital Lease Obligations	0.4	0.5
<b>Total Lease Obligations</b>	<b>\$ 5.6</b>	<b>\$ 4.5</b>

Cash paid for amounts included in the measurement of operating lease obligations for the twelve months ended December 31, 2020 and 2019 were \$1.8 million and \$1.4 million, respectively and were included in Cash Provided by Operating Activities on the Consolidated Statements of Cash Flows.

Assets under capital leases amounted to approximately \$1.0 million and \$1.2 million as of December 31, 2020 and 2019, respectively, less accumulated amortization of \$0.5 million and \$0.6 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 December 31, 2020. The payments for capital leases consist of \$0.2 million of current Capital Lease Obligations, which are included in Other Current Liabilities, and \$0.2 million of noncurrent Capital Lease Obligations, which are included in Other Noncurrent Liabilities, on the Company's Consolidated Balance Sheets as of December 31, 2020.

The payments for operating leases consist of \$1.5 million of current operating lease obligations, which are included in Other Current Liabilities and \$3.7 million of noncurrent operating lease obligations, which are included in Other Noncurrent Liabilities, on the Company's Consolidated Balance Sheets as of December 31, 2020.

Lease Payments (\$000's) Year Ending December 31,	Operating Leases	Capital Leases
2021	\$ 1,746	\$ 193
2022	1,468	130
2023	1,172	88
2024	842	33
2025	276	—
2026-2030	149	—
<b>Total Payments</b>	<b>5,653</b>	<b>444</b>
Less: Interest	443	20
<b>Amount of Lease Obligations Recorded on Consolidated Balance Sheets</b>	<b>\$ 5,210</b>	<b>\$ 424</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 December 31, 2020, the weighted average remaining lease term is

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3.8 years and the weighted average operating discount rate used to determine the operating lease obligations was 4.4%. As of December 31, 2019, the weighted average remaining lease term was 3.9 years and the weighted average operating discount rate used to determine the operating lease obligations was 5.2%.

### **Guarantees**

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2020, there were approximately \$1.3 million of guarantees outstanding with a duration of less than one year.

### **Note 6: Equity**

The Company has common stock outstanding and one of our subsidiaries has preferred stock outstanding.

### **Common Stock**

The Company's common stock trades on the New York Stock Exchange under the symbol "UTL". The Company had 15,012,310 and 14,930,170 shares of common stock outstanding at December 31, 2020 and December 31, 2019, respectively. The Company has 25,000,000 shares of common stock authorized as of December 31, 2020 and December 31, 2019.

**Dividend Reinvestment and Stock Purchase Plan**—During 2020, the Company sold 23,658 shares of its common stock, at an average price of \$46.08 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of \$1.1 million. 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. During 2019 and 2018, the Company raised \$1.1 million and \$1.2 million, respectively, through the issuance of 20,065 and 25,932 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

**Common Shares Repurchased, Cancelled and Retired**—Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on May 1, 2014, the Company may periodically repurchase shares of its common stock on the open market related to the stock portion of the Directors' annual retainer. Until December 1, 2018, the Company also periodically repurchased shares of its common stock on the open market related to Employee Length of Service Awards. (See Part II, Item 5, for additional information). During 2020, 2019 and 2018, the Company repurchased 13,194, 2,911 and 791 shares of its common stock, respectively, pursuant to the Rule 10b5-1 trading plan. The expense recognized by the Company for these repurchases was \$0.5 million, \$0.2 million, and less than \$0.1 million in 2020, 2019 and 2018, respectively.

During 2020, 2019 and 2018, the Company did not cancel or retire any of its common stock.

**Stock-Based Compensation Plans**—Unitil maintains a stock-based compensation plan. The Company accounts for its stock-based compensation plan in accordance with the provisions of the FASB Codification and measures compensation costs at fair value at the date of grant.

**Stock Plan**—The Company maintains the Unitil 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 awards of restricted shares (Restricted Shares), or 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, the Company's shareholders approved an amendment to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

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The maximum number of shares available for awards to participants under the Stock Plan is 677,500. 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 any change 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.

### Restricted Shares

Outstanding awards of Restricted Shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on 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 restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death or retirement.

Restricted Shares issued for 2018 – 2020 in conjunction with the Stock Plan are presented in the following table:

<u>Issuance Date</u>	<u>Shares</u>	<u>Aggregate Market Value (millions)</u>
1/29/18	37,510	\$1.6
1/29/19	33,150	\$1.6
1/28/20	28,630	\$1.8
7/28/20	3,000	\$0.1

There were 39,426 and 32,950 non-vested shares under the Stock Plan as of December 31, 2020 and 2019, respectively. The weighted average grant date fair value of these shares was \$55.46 per share and \$47.35 per share, respectively. The compensation expense associated with the issuance of shares under the Stock Plan is being recorded over the vesting period and was \$2.2 million, \$2.3 million and \$2.2 million in 2020, 2019 and 2018, respectively. At December 31, 2020, there was approximately \$0.8 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.7 years. There were 5,570 restricted shares forfeited and no restricted shares cancelled under the Stock Plan during 2020. On January 26, 2021, there were 23,140 Restricted Shares issued under the Stock Plan with an aggregate market value of \$0.9 million.

### Restricted Stock Units

Restricted Stock Units, which are issued to members of the Company's Board of Directors, 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.

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The equity portion of Restricted Stock Units activity during 2020 and 2019 in conjunction with the Stock Plan are presented in the following table:

	Restricted Stock Units (Equity Portion)			
	2020		2019	
	Units	Weighted Average Stock Price	Units	Weighted Average Stock Price
Beginning Restricted Stock Units	70,364	\$ 41.20	61,789	\$ 38.25
Restricted Stock Units Granted	3,743	\$ 39.26	6,943	\$ 63.50
Dividend Equivalents Earned	1,507	\$ 47.34	1,632	\$ 58.15
Restricted Stock Units Settled	(32,422)	\$ 41.09	—	—
Ending Restricted Stock Units	43,192	\$ 41.34	70,364	\$ 41.20

Included in Other Noncurrent Liabilities on the Company's Consolidated Balance Sheets as of December 31, 2020 and 2019 are \$0.8 million and \$1.9 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 1,887 shares, of Unitil Energy's 6.00% Series Preferred Stock outstanding as of December 31, 2020 and 2019. There were less than \$0.1 million of total dividends declared on Preferred Stock in each of the twelve month periods ended December 31, 2020 and December 31, 2019, respectively.

### Earnings Per Share

The following table reconciles basic and diluted earnings per share (EPS).

(Millions except shares and per share data)	2020	2019	2018
Earnings Available to Common Shareholders	\$ 32.2	\$ 44.2	\$ 33.0
Weighted Average Common Shares Outstanding—Basic (000's)	14,951	14,894	14,824
Plus: Diluted Effect of Incremental Shares (000's)	1	6	5
Weighted Average Common Shares Outstanding—Diluted (000's)	14,952	14,900	14,829
Earnings per Share—Basic and Diluted	\$ 2.15	\$ 2.97	\$ 2.23

The following table shows the number of weighted average non-vested restricted shares that were not included in the above computation of EPS because the effect would have been antidilutive.

	2020	2019	2018
Weighted Average Non-Vested Restricted Shares Not Included in EPS Computation	42,813	—	6,102

### Note 7: Energy Supply

#### NATURAL GAS SUPPLY

Unitil purchases and manages gas supply for customers served by Northern Utilities in Maine and New Hampshire, and by Fitchburg in Massachusetts.

Northern Utilities' C&I customers are entitled to purchase their natural gas supply from third-party gas suppliers. Many of Northern Utilities' large, and some of its medium, C&I customers purchase their gas supply from third-party suppliers. Most small C&I customers, and all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. As of December 2020, 80% of Unitil's largest New Hampshire gas customers, representing 39% of Unitil's New Hampshire gas therm sales, and 67% of Unitil's largest Maine customers, representing 25% of Unitil's Maine gas therm sales, purchased their gas supply from a third-party supplier.

Fitchburg's residential and C&I business customers are entitled to purchase their natural gas supply from third-party gas suppliers. Many of Fitchburg's large, and some of its medium, C&I customers, purchase their gas supply from third-party suppliers. Most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. As of December 2020, 78% of Unital's largest Massachusetts gas customers, representing 30% of Unital's Massachusetts gas therm sales, purchased their gas supply from third-party suppliers. The approved costs associated with natural gas supplied to customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically adjusted rates, and are included in Cost of Gas Sales in the Consolidated Statements of Earnings.

### **Regulated Natural Gas Supply**

Northern Utilities purchases the majority of its natural gas from U.S. domestic and Canadian suppliers largely under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas transportation and delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of liquefied natural gas (LNG), via trucking of supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 122,000 million British Thermal Units (MMbtu) per day of year-round and seasonal transportation capacity to its distribution facilities, and 4.3 billion cubic feet (BCF) of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

Fitchburg purchases natural gas under contracts from producers and marketers largely under contracts of one year or less, and occasionally on the spot market. Fitchburg arranges for gas transportation and delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, through peaking supply contracts delivered to its system, or in the case of LNG or liquefied propane gas (LPG), via trucking of supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,439 MMbtu per day of year-round transportation and 0.4 BCF of underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and an LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

### ***ELECTRIC POWER SUPPLY***

Fitchburg, Unital Energy, and Unital Power each are members of the New England Power Pool (NEPOOL) and participate in the Independent System Operator—New England (ISO-NE) markets for the purpose of facilitating wholesale electric power supply transactions, which are necessary to serve Unital's electric customers with their supply of electricity.

Unital's customers in both New Hampshire and Massachusetts are entitled to purchase their electric supply from competitive third-party suppliers. As of December 2020, nearly 77% of Unital's largest New Hampshire customers, representing 23% of Unital's New Hampshire electric kilowatt-hour (kWh) sales, and 77% of Unital's largest Massachusetts customers, representing 34% of Unital's Massachusetts electric kWh sales, purchased their electric power supply in the competitive market. Additionally, cities and towns in Massachusetts may, with approval from the MDPU, implement municipal aggregations whereby the municipality purchases electric power on behalf of all citizens and businesses that do not opt out of the aggregation. The Towns of Lunenburg and Ashby have active municipal aggregations. Customers in Lunenburg comprise about 16% of Fitchburg's customer base, and customers in Ashby comprise another 4%. In 2020, the City of Fitchburg voted to move forward with its community choice energy aggregation plan, and on December 31, 2020, the City filed with the MDPU for approval of its Aggregation Plan. The City of Fitchburg comprises about 67% of Company sales. As of December 2020, nearly 27% of Unital's residential customers in Massachusetts purchased their electricity from a third-party supplier.

In New Hampshire, the percentage of residential customers purchasing electricity from a third-party supplier as of December 2020 is 8.3%, down 0.6% from 2019 and reflecting a downward trend from a high of 13% in 2015. Most residential and small commercial customers continue to purchase their electric supply through Unitil's electric distribution utilities under regulated energy rates and tariffs.

### **Regulated Electric Power Supply**

To provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts to purchase electric supply from various wholesale suppliers.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Currently, with approval of the NHPUC, Unitil Energy purchases Default Service power supply contracts for small, medium and large customers every six months for 100% of the supply requirements.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service electric supply. MDPU policy establishes the pricing structure and duration of each of these contracts. Basic Service power supply contracts for residential and for small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements. On June 13, 2012, the MDPU approved Fitchburg's request to discontinue the procurement process for Fitchburg's large customers and become the load-serving entity for these customers. Currently, all Basic Service power supply requirements for large accounts are assigned to Fitchburg's ISO-NE settlement account, where Fitchburg procures electric supply through ISO-NE's real-time market.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

### **Regional Electric Transmission and Power Markets**

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economical manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England are performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and associated support payments. The most notable benefits of the ISO-NE are coordinated, reliable power system operation and a supportive business environment for the development of competitive electric markets.

### **Electric Power Supply Divestiture**

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

## **Note 8: Commitments and Contingencies**

### **Regulatory Matters**

**Overview**—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this



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regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, including a return on their capital investment in utility assets. Fitchburg's electric and gas divisions also operate under revenue decoupling mechanisms.

Most of Unitil's customers may elect to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers may purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted. The MDPU, the NHPUC and the MPUC each have continued to approve these reconciling rate mechanisms, which allow Fitchburg, Unitil Energy and Northern Utilities to recover their actual wholesale energy costs for electric power and natural gas.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. These assets have been principally recovered as of December 31, 2020. The remaining balance of these assets is \$0.3 million, recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet as of December 31, 2020 and projected to be recovered in the next year. Unitil's distribution companies have a continuing obligation to submit filings in Massachusetts and New Hampshire demonstrating their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

### **Tax Cuts and Jobs Act of 2017**

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (TCJA) was signed into law. Among other things, the TCJA substantially reduced the corporate income tax rate to 21%, effective January 1, 2018. Each state public utility commission, with jurisdiction over the areas that are served by Unitil's electric and gas subsidiary companies, issued orders directing how the tax law changes were to be reflected in rates. Unitil has complied with these orders and has made the required changes to its rates as directed by the commissions. The FERC issued a Notice of Proposed Rulemaking that would allow it to determine which pipelines under the Natural Gas Act may be collecting unjust and unreasonable rates in light of the corporate tax reduction. This matter was resolved for Granite State in its May 2, 2018 uncontested rate settlement filing, which accounted for the effect of the TCJA.

On November 21, 2019, the FERC issued Order No. 864, a final rule on Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes. The new rule requires public utilities with formula transmission rates to revise their formula rates to include a transparent methodology to address the TCJA and future tax law changes on customer rates by accounting for "excess" or "deficient" Accumulated Deferred Income Taxes (ADIT). FERC also required transmission providers with stated rates to account for TCJA's effect on ADIT in their next rate case. The Company is complying with the new rule and there is no material effect on its financial position, operating results, or cash flows.

### **Rate Case Activity**

**Northern Utilities—Base Rates—Maine**—On March 26, 2020, the MPUC approved an increase to base revenue of \$3.6 million, a 3.6% increase over the Company's test year operating revenues, effective April 1, 2020. The order approved a return on equity of 9.48%, and a hypothetical capital structure of 50% equity and 50% debt. As part of the order and increase in base revenue, the MPUC provided for recovery of some but not all of the Company's implementation costs associated with its customer information system pending the completion of an investigation. The Company believes that the customer information system costs were prudently incurred and that the investigation will not have a material impact on its financial position, operating results or cash flows.

**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 \$1.4 million for 2019 eligible facilities, was approved by the MPUC on April 29, 2020, effective May 1, 2020.

**Northern Utilities—Base Rates—New Hampshire**—On May 2, 2018, the NHPUC approved a settlement agreement providing for a net annual revenue increase of \$3.2 million, incorporating the effect of the TCJA, and an initial step increase to recover post-test year capital investments. The Company’s second annual revenue step increase of approximately \$1.4 million to recover eligible capital investments in 2018 was approved by the NHPUC effective May 1, 2019. According to the terms of the settlement agreement, Northern Utilities’ next distribution base rate case shall be based on a historical test year no earlier than the twelve months ending December 31, 2020.

**Unitil Energy—Base Rates**—On April 20, 2017 the NHPUC issued its final order effective May 1, 2017, providing for a permanent increase of \$4.1 million followed by two annual rate step adjustments to recover the revenue requirements associated with certain capital expenditures. On April 30, 2018, the NHPUC approved Unitil Energy’s first step increase, effective May 1, 2018. On April 22, 2019, the NHPUC approved Unitil Energy’s second and final step adjustment, providing a revenue increase of approximately \$340,000, effective May 1, 2019.

**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 November 1, 2018, Fitchburg filed its cumulative revenue requirement of \$0.9 million associated with the Company’s 2015-2017 capital expenditures. On December 22, 2020, final approval of the filing was issued. On October 29, 2019, Fitchburg filed its cumulative revenue requirement of \$1.1 million associated with the Company’s 2015-2018 capital expenditures. On December 22, 2020, final approval of the filing was issued. On November 2, 2020, Fitchburg filed its cumulative revenue requirement of \$1.4 million associated with the Company’s 2015-2019 capital expenditures. On December 17, 2020, the filing was approved, effective January 1, 2021, subject to further investigation and reconciliation.

On April 17, 2020, the MDPU approved a settlement agreement entered into by the Company and the Massachusetts Office of the Attorney General providing for a distribution increase of \$1.1 million, effective November 1, 2020. The Company’s subsequent Compliance Filing reflected an adjusted distribution increase of \$0.9 million, a decrease of \$0.2 million from the original settlement amount. On May 21, 2020, the MDPU approved the Company’s Compliance Filing. The agreement provides for a return on equity of 9.7% and a capital structure reflecting 52.45% equity and 47.55% long-term debt. Under the agreement, the Company will not increase or redesign base distribution rates to become effective prior to November 1, 2023, though the Company may seek cost recovery for certain exogenous events that meet a revenue threshold of \$0.1 million. The agreement also provides for the implementation of a major storm reserve fund, whereby the Company may recover the costs of restoration for qualifying storm events. In addition, the agreement provides for the extension of the annual capital cost recovery mechanism, modified to allow the recovery of property tax on the cumulative net capital expenditures.

**Fitchburg—Base Rates—Gas**—Pursuant to the Company’s revenue decoupling adjustment clause tariff, as approved in its last base rate case, the Company is allowed to modify, on a semi-annual basis, its base distribution rates to an established revenue per customer target in order to mitigate economic, weather and energy efficiency impacts to the Company’s revenues. The MDPU has consistently found that the Company’s filings are in accord with its approved tariffs, applicable law and precedent, and that they result in just and reasonable rates.

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On February 28, 2020, the MDPU approved a settlement agreement between the Company and the Massachusetts Office of the Attorney General. The agreement provides for an annual distribution revenue increase of \$4.6 million to be phased-in over two years: (1) an increase of \$3.7 million, which became effective on March 1, 2020; and (2) an increase of \$0.9 million, effective on March 1, 2021. Under the agreement, the Company will not increase or redesign base distribution rates to become effective prior to March 1, 2023, though the Company may seek cost recovery for certain exogenous events that meet a revenue impact threshold of \$40,000. The agreement provides for a return on equity of 9.7% and a capital structure reflecting 52.45% equity and 47.55% long-term debt.

**Fitchburg—Gas System Enhancement Program**—Pursuant to statute and MDPU order, Fitchburg has an approved Gas System Enhancement Plan (GSEP) 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 (the GSEP Filing); 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 (the GREC Filing). The Company considers these to be routine regulatory proceedings, and there are no material issues outstanding.

In an Order issued on April 30, 2019, the MDPU approved Fitchburg's 2018 GSEP Filing and increased the annual cap on recovery. The Order resulted in a revenue increase of \$1.0 million that went into effect on May 1, 2019, subject to reconciliation. The amount that exceeded the cap, \$0.6 million, has been deferred to be recovered in a later proceeding. On May 1, 2019, the Company made its 2019 GREC Filing, seeking a waiver of the annual cap and a revenue increase of \$1.0 million. The MDPU approved the Company's request in its Order issued October 31, 2019. On October 31, 2019, the Company made its annual filing for an increase in revenues associated with 2020 GSEP investment for rates effective May 1, 2020. On March 12, 2020, the Company made a revised GSEP filing to incorporate the 2015 through 2018 GSEP investments in base rates effective March 1, 2020; on April 30, 2020, the MDPU approved the Company's filing. On May 1, 2020, the Company made its 2020 GREC Filing. In accordance with the approved gas rate case settlement agreement, the Company decreased the Gas System Enhancement Reconciliation Adjustment Factors (GSERAF) and Gas System Enhancement Adjustment Factors to zero effective March 1, 2020, and will recover the February 29, 2020 GSEP deferral balance including interest over a 24 month period beginning March 1, 2021. As a result, the current year's GSERAF will change on March 1, 2021, instead of November 1, 2020. The GSERAF recovery amount to be recovered over 24 months beginning March 1, 2021 is \$2.2 million. This matter remains pending before the MDPU.

**Granite State—Base Rates**—On November 30, 2020, the FERC approved Granite State's filing of an uncontested rate settlement which provides 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 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.

### **Other Matters**

**Fitchburg—Independent Statewide Examination of the Safety of the Commonwealth's Gas Distribution System**—The MDPU engaged a third-party evaluator to conduct an independent statewide examination of the safety of the gas distribution system to complement the investigation of the National Transportation Safety Board focused on the gas incident on September 13, 2018 in the Merrimack Valley and its potential causes. The evaluator examined: (1) the physical integrity and safety of the gas distribution system; and (2) the operation and maintenance policies and practices of the gas companies and municipal gas companies, with respect to the Commonwealth's gas distribution system, including recommendations for improvements. The evaluator issued its final report on January 31, 2020, which contained a number of observations and recommendations for the improvement of gas distribution safety. On February 28, 2020, the Company filed a response and plan to implement the Unutil-specific recommendations, as well as general safety improvements.

**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 to achieve its 2050 climate goal of net-zero greenhouse gas (GHG) emissions. In its Order opening the inquiry, the MDPU states that 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, have been directed to initiate a joint request for proposals (RFP) for an independent consultant(s) to conduct a study and prepare a report (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 is to include 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. On or before March 1, 2022, each LDC is required to submit a proposal to the MDPU that includes the LDC's recommendations and plans for helping the Commonwealth achieve its 2050 climate goals, supported by the Report. Prior to filing the Report and the LDCs' proposals, the LDCs are directed to engage in a stakeholder process to solicit feedback and advice on both the Report and the proposals. Fitchburg is actively involved in the LDC's joint effort to respond to the MDPU's directives.

**Financial Effects of COVID-19 Pandemic**—The NHPUC and the MDPU have opened proceedings to consider the revenue and cost effects on the regulated gas and electric utilities within their respective jurisdictions of the requirement to continue the availability of gas, electric and water service to customers during the COVID-19 pandemic. Among the effects under investigation are the revenue effects associated with service disconnection moratoriums, the waiver of fees and expanded customer payments arrangements; the increased cost of customer accounts that cannot be collected, including the cost of bad debt reserves and increased working capital costs; and increased operating and maintenance costs incurred for employees to work safely and protect the public. Fitchburg, Unitil Energy and Northern Utilities are active participants in these proceedings, and are in full compliance with all regulatory orders governing service shut-off moratoriums and other customer service protection measures. These matters remain pending. On December 31, 2020, in docket DPU 20-58, the MDPU issued an order which, among other provisions, allows the utility companies to defer for future recovery bad debt expense in excess of a baseline.

**Northern Utilities / Granite State—Firm Capacity Contract**—Northern Utilities relies on the transport of gas supply over its affiliate Granite State pipeline to serve its customers in the Maine and New Hampshire service territories. 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 May 13, 2020, the MPUC approved Northern Utilities' request to extend its contract for firm transmission service on its affiliate Granite State pipeline for another year, extending the current contract for the period of November 1, 2020 through October 31, 2021.

**Reconciliation Filings**—Fitchburg, Unitil 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 costs and revenues, and to seek approval of any rate changes. These filings include: annual electric reconciliation filings by Fitchburg and Unitil 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 Unitil Energy; and the actual wholesale energy costs for electric power and gas incurred by each of the three companies. Fitchburg, Unitil 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 RFPs**—Pursuant to a comprehensive energy law enacted in 2016, "An Act to Promote Energy Diversity," (the Act) under Section 83C, the Massachusetts electric distribution

companies (EDCs), including Fitchburg, are required to jointly solicit proposals for long-term contracts for at least 400 megawatts (MW) of offshore wind energy generation by June 30, 2017, as part of a total of 1,600 MW of offshore wind the EDCs are directed to procure 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. Unitil's pro rata share of these contracts is approximately one percent. The EDCs issued the RFP for Section 83D Long-Term Contracts for Qualified Clean Energy Projects in March 2017, and after selection of final projects and negotiation, final contracts for 9,554,940 MWh of Qualified Clean Energy and associated Environmental Attributes from hydroelectric generation were filed in July 2018 for approval by the MDPU. On June 25, 2019, the MDPU approved the power purchase agreements, 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 costs to customers. The MDPU also determined that the EDCs' request for remuneration equal to 2.75% of the contract payments is reasonable and in the public interest and approved the EDCs' proposal to amend their respective tariffs to include the recovery of costs associated with the contracts. The Massachusetts Supreme Judicial Court upheld the MDPU's approval in an Order dated September 3, 2020. The Company believes the power purchase obligations under these long-term contracts will have a material effect on the contractual obligations of Fitchburg, once certain conditions and contingencies are met.

The EDCs issued the RFP pursuant to Section 83C for Long-Term Contracts for Offshore Wind Energy Generation in June 2017. The EDCs selected an 800 MW project submitted by Vineyard Wind in May 2018, contracts were signed in July 2018 and on July 23, 2018, the EDCs, including Fitchburg, filed two long-term contracts, each for 400 MW of offshore wind energy generation with the MDPU for approval. On April 12, 2019, the MDPU approved the offshore wind energy generation power purchase agreements, 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 costs to customers. The MDPU also determined that the EDCs' request for remuneration equal to 2.75% of the contract payments is reasonable and in the public interest and approved the EDCs' proposal to amend their respective tariffs to include the recovery of costs associated with the contracts. The Company believes that the power purchase obligations under these long-term contracts will have a material effect on the contractual obligations of Fitchburg, once certain conditions and contingencies are met.

The EDCs issued a second RFP pursuant to Section 83C for Long-Term Contracts for Offshore Wind Energy Generation on May 23, 2019. This solicitation sought to procure the remaining obligation under 83C to procure an additional 800 MW of offshore wind energy generation. The EDCs selected an 800 MW project submitted by Mayflower Wind and contracts were executed on January 10, 2020. A filing with the MDPU for approval of two long-term contracts, each for 400 MW of offshore wind energy generation, was made on February 10, 2020. On November 5, 2020, the MDPU approved the Offshore Wind Energy Generation power purchase agreements. The MDPU also determined that the EDCs' request for remuneration equal to 2.75% is reasonable and in the public interest. On November 25, 2020 the Office of the Attorney General filed a Motion for Reconsideration regarding the MDPU's order as it relates to remuneration. The matter is still pending at the MDPU. The Company believes that the power purchase obligations under these long-term contracts will have a material effect on the contractual obligations of Fitchburg, once certain conditions and contingencies are met.

**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' Regional Network Service and Local Network Service formula rates. On April 14, 2017, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued an opinion vacating a decision of the FERC with respect to the ROE, and remanded it for further proceedings. The FERC had found that the Transmission Owners existing ROE was unlawful, and had set a new ROE. The Court found that the 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. Separately, on March 15, 2018, the Transmission Owners filed a petition for review with the Court of certain orders of the FERC setting for hearing other complaints challenging the allowed Return on Equity component of the formula rates. On November 21, 2019 the FERC issued an order in EL14-12, Midcontinent Independent System Operator ROE, in which FERC outlined a new

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methodology for calculating the ROE. In response to the FERC order in EL 14-12, the New England Transmission Owners (NETOs) filed a motion to reopen the record, which has been granted. This matter remains pending.

The FERC Section 206 proceeding concerning the justness and reasonableness of ISO-New England, Inc. Participating Transmission Owners' Regional Network Service and Local Network Service formula rates and to develop formula rate protocols for these rates has been resolved. On August 17, 2018 a joint settlement agreement among a number of the parties was filed with the FERC. FERC rejected the settlement agreement on May 22, 2019 and remanded the proceeding to the Chief Administrative Law Judge to resume hearing procedures. On May 24, 2019 the judge appointed a Dispute Resolution Facilitator to aid parties in settlement negotiations. The procedural schedule was suspended September 24, 2019 in order to allow participants to focus on settlement negotiations. On October 24, 2019, the NETO's filed an unopposed motion to suspend the procedural schedule and waiver of answer period indicating that the NETO's, Municipal Pool Transmission Facility Owners and the Commission Trial Staff have reached agreement in principle on the terms of a settlement to resolve all open issues in the proceeding. On June 15, 2020 a settlement was filed. The FERC approved the settlement agreement on December 28, 2020. Under the terms of the settlement agreement, the negotiated formula rates will take effect on January 1, 2022. Fitchburg and Unitil Energy are Participating Transmission Owners, although Unitil Energy does not own transmission plant. To the extent that these proceedings result in any changes to the rates being charged, a retroactive reconciliation may be required. The Company does not believe these proceedings will have a material adverse effect on its financial condition or results of operations.

### **Contractual Obligations**

The following table lists the Company's known specified gas and electric supply contractual obligations as of December 31, 2020.

Gas and Electric Supply Contractual Obligations (millions) as of December 31, 2020	Payments Due by Period						
	Total	2021	2022	2023	2024	2025	2026 & Beyond
Gas Supply Contracts	\$556.2	\$55.9	\$49.3	\$46.5	\$37.6	\$36.2	\$330.7
Electric Supply Contracts	15.6	1.3	1.3	1.4	1.4	1.4	8.8
Total	<u>\$571.8</u>	<u>\$57.2</u>	<u>\$50.6</u>	<u>\$47.9</u>	<u>\$39.0</u>	<u>\$37.6</u>	<u>\$339.5</u>

The Company and its subsidiaries have material energy supply commitments (see Note 7 (Energy Supply)). Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

### **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.

### **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 December 31, 2020, 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 the Company's 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 Maine Department of Environmental Protection and New Hampshire Department of Environmental Services (NH DES) 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. In July 2019, the NH DES requested that Northern Utilities review modeled expectations for groundwater contaminants against observed data at the Rochester site. In June 2020, the NH DES coupled the submittal of the review to a proposed extension of the gas distribution system by Northern Utilities; both the review and extension are expected to be completed by the end of the second quarter of 2021. While any recommendation is subject to approval by the NH DES, the Company has accrued \$0.8 million for estimated costs to complete the remediation at the Rochester site, which is included in the Environmental Obligations table below.

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 shows the 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 (Mass DEP) to address environmental concerns with the former MGP site at Sawyer Passway, and has substantially completed remediation activities, though on site monitoring continues. In April 2020, Fitchburg received notification from the Massachusetts Department of Transportation (Mass DOT) that a portion of the site may be incorporated into the proposed Twin City Rail Trail with an anticipated completion in 2022. Depending upon the final agreement between Fitchburg and Mass DOT, additional minor costs are expected prior to completion.

Additionally, in November 2020, the Mass DEP conducted an audit of the final remediation solution at Sawyer Passway. Site security improvements were required by the Mass DEP, which Fitchburg will complete in early 2021.

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.

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The following table sets forth a summary of changes in the Company's liability for the current and long-term portions of the Company's environmental obligations, which are included in Other Current Liabilities and Other Noncurrent Liabilities, respectively, on the Company's Consolidated Balance Sheets as of December 31, 2020 and 2019.

### Environmental Obligations

	(millions)					
	Fitchburg		Northern Utilities		Total	
	2020	2019	2020	2019	2020	2019
<b>Total Balance at Beginning of Period</b>	\$ —	\$ —	\$2.7	\$2.0	\$2.7	\$2.0
Additions	0.1	—	0.1	0.9	0.2	0.9
Less: Payments / Reductions	—	—	0.8	0.2	0.8	0.2
<b>Total Balance at End of Period</b>	<b>\$0.1</b>	<b>\$ —</b>	<b>\$2.0</b>	<b>\$2.7</b>	<b>\$2.1</b>	<b>\$2.7</b>
Less: Current Portion	0.1	—	0.2	0.6	0.3	0.6
<b>Noncurrent Balance at December 31,</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$1.8</b>	<b>\$2.1</b>	<b>\$1.8</b>	<b>\$2.1</b>

### Note 9: Income Taxes

Provisions for Federal and State Income Taxes reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2020, 2019 and 2018 are shown in the following table:

	(\$000's)		
	2020	2019	2018
<b>Current Income Tax Provision</b>			
Federal	\$ 250	\$ —	\$ —
State	678	351	355
Total Current Income Taxes	\$ 928	\$ 351	\$ 355
<b>Deferred Income Provision</b>			
Federal	\$ 6,483	\$ 9,340	\$ 5,032
State	2,838	4,117	3,006
Total Deferred Income Taxes	9,321	13,457	8,038
<b>Total Income Tax Expense</b>	<b>\$10,249</b>	<b>\$13,808</b>	<b>\$ 8,393</b>

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:

	2020	2019	2018
<b>Statutory Federal Income Tax Rate</b>	21%	21%	21%
<b>Income Tax Effects of:</b>			
State Income Taxes, net	6	6	6
Utility Plant Differences	(4)	(3)	(7)
Other, net	1	—	—
<b>Effective Income Tax Rate</b>	<b>24%</b>	<b>24%</b>	<b>20%</b>



Temporary differences which gave rise to deferred tax assets and liabilities in 2020 and 2019 are shown in the following table:

<b>Temporary Differences (000's)</b>	<b>2020</b>	<b>2019</b>
<b>Deferred Tax Assets</b>		
Retirement Benefit Obligations	\$ 40,740	\$ 36,551
Net Operating Loss Carryforwards	—	1,609
Tax Credit Carryforwards	344	1,489
Other, net	1,252	1,589
<b>Total Deferred Tax Assets</b>	<b>\$ 42,336</b>	<b>\$ 41,238</b>
<b>Deferred Tax Liabilities</b>		
Utility Plant Differences	\$ 143,800	\$ 134,011
Regulatory Assets & Liabilities	6,247	5,239
Other, net	1,307	5,539
<b>Total Deferred Tax Liabilities</b>	<b>151,354</b>	<b>144,789</b>
<b>Net Deferred Tax Liabilities</b>	<b>\$ 109,018</b>	<b>\$ 103,551</b>

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 December 31, 2020 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, 2017; December 31, 2018; and December 31, 2019.

Income tax filings for the year ended December 31, 2019 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, 2019 which were filed with the IRS in October 2020, the Company utilized federal NOLC assets of \$8.2 million. As of December 31, 2020, the Company had recognized the utilization of the remaining federal NOLC assets of \$2.7 million to offset against taxes current payable. The Company received \$0.9 million of the Alternative Minimum Tax (AMT) credits in 2019 and will receive \$0.9 million of the AMT credits in 2021 as provided for in the CARES Act. In addition, at December 31, 2020, the Company had \$0.3 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 2023.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act included several tax changes as part of its economic package. These changes principally related to expanded Net Operating Loss (NOL) carryback periods, increases to interest deductibility limitations, and accelerated Alternative Minimum Tax (AMT) refunds. The Company has evaluated these items and determined that the items do not have a material impact on the Company's financial statements as of December 31, 2020. Additionally, the CARES Act enacted the Employment Retention Credit ("ERC") to incentivize companies to retain employees. The ERC is a 50% credit on employee wages for employees that are retained and cannot perform their job duties at 100% capacity as a result of coronavirus pandemic restrictions. The ERC is take as a credit on employment tax form 941. In the third quarter of 2020, the Company recorded an ERC of \$0.6 million as a reduction to employment tax expense which is recorded as a reduction to Taxes other than Income Taxes in the consolidated statement of earnings.

In December 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law. The CAA included additional funding through tax credits as part of its economic package for 2021. The Company evaluated these items in its tax computation as of December 31, 2020 and determined that the items do not have a material impact on the Company's financial statements as of December 31, 2020.

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. The Company recorded a net Regulatory Liability in the amount of \$48.9 million at December 31, 2017 as a result of the ADIT revaluation. The Company expects to flow through to customers \$47.1 million of excess ADIT in utility base rates. Approximately \$1.8 million of excess ADIT was created through reconciling mechanisms at December 31, 2017, which had not been previously collected from customers through utility rates. The Company reconciled these excess ADIT amounts through the specific reconciliation mechanisms in each of those individual reconciling mechanisms which were reviewed by state regulators. In addition to the \$48.9 million of net excess ADIT noted above, as of December 31, 2018, there was \$2.0 million of remaining excess ADIT created by the recognition of Net Operating Loss Carryforward assets (NOLC), discussed below, and related to the implementation of the new federal tax rate of the TCJA, which had not been previously included in utility rates. The Company recognized the benefit of this excess ADIT in accordance with the regulatory treatment of excess ADIT for each of jurisdiction. In 2019 the Company recognized \$1.7 million of this amount and the remaining \$0.3 million was recognized in 2020.

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, the recent FERC guidance noted above and IRS normalization rules, the benefit of these 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 December 31, 2020, the Company flowed back \$1.9 million to customers in its Massachusetts, Maine, and federal jurisdictions. New Hampshire liabilities will begin to flow back once rate proceedings have finalized in that jurisdiction.

#### **Note 10: Retirement Benefit Plans**

The Company sponsors the following retirement benefit plans to provide certain pension and post-retirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service. Effective January 1, 2010, the Pension Plan was closed to new non-union employees. For union employees, the Pension Plan was closed on various dates between December 31, 2010 and June 1, 2013, depending on the various Collective Bargaining Agreements of each union.
- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts, into which it funds contributions to the PBOP Plan.
- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is a non-qualified retirement plan, with participation limited to executives selected by the Board of Directors.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Used to Determine Plan costs for years ended December 31:</b>			
Discount Rate	3.25%	4.25%	3.60%
Rate of Compensation Increase	3.00%	3.00%	3.00%
Expected Long-term rate of return on plan assets	7.40%	7.50%	7.75%
Health Care Cost Trend Rate Assumed for Next Year	7.00%	7.00%	7.50%
Ultimate Health Care Cost Trend Rate	4.50%	4.50%	4.50%
Year that Ultimate Health Care Cost Trend Rate is reached	2029	2024	2024
<b>Used to Determine Benefit Obligations at December 31:</b>			
Discount Rate	2.50%	3.25%	4.25%
Rate of Compensation Increase	3.00%	3.00%	3.00%
Health Care Cost Trend Rate Assumed for Next Year	6.60%	7.00%	7.00%
Ultimate Health Care Cost Trend Rate	4.50%	4.50%	4.50%
Year that Ultimate Health Care Cost Trend Rate is reached	2029	2029	2024

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For 2020, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately \$629,000 in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2020 was based on the expected long-term increase in compensation costs for personnel covered by the plans.

The following table provides the components of the Company's Retirement plan costs (000's):

	<u>Pension Plan</u>			<u>PBOP Plan</u>			<u>SERP</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 3,322	\$ 3,104	\$ 3,393	\$ 2,698	\$ 2,304	\$ 2,933	\$ 283	\$ 247	\$ 487
Interest Cost	5,776	6,484	5,878	3,121	3,426	3,404	549	567	404
Expected Return on Plan Assets	(9,019)	(8,475)	(7,785)	(2,063)	(1,645)	(1,635)	—	—	—
Prior Service Cost Amortization	320	320	324	1,210	1,213	1,309	57	56	189
Actuarial Loss Amortization	6,472	4,324	5,786	744	227	1,383	1,036	628	486
Sub-total	6,871	5,757	7,596	5,710	5,525	7,394	1,925	1,498	1,566
Amounts Capitalized or Deferred	(3,083)	(2,227)	(3,465)	(2,865)	(2,317)	(3,416)	(579)	(430)	(451)
NPBC Recognized	<u>\$ 3,788</u>	<u>\$ 3,530</u>	<u>\$ 4,131</u>	<u>\$ 2,845</u>	<u>\$ 3,208</u>	<u>\$ 3,978</u>	<u>\$ 1,346</u>	<u>\$ 1,068</u>	<u>\$ 1,115</u>

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The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be affected as previously deferred gains or losses are recognized. The Company's pension expense for the years 2020, 2019 and 2018 before capitalization and deferral was \$6.9 million, \$5.8 million and \$7.6 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2020, 2019 and 2018 would have been \$6.5 million, \$7.3 million and \$7.2 million respectively, prior to amounts capitalized or deferred.

The following table represents information on the plans' assets, projected benefit obligations (PBO), and funded status (000's):

Change in Plan Assets:	Pension Plan		PBOP Plan		SERP	
	2020	2019	2020	2019	2020	2019
Plan Assets at Beginning of Year	\$ 125,755	\$ 107,808	\$ 27,280	\$ 21,109	\$ —	\$ —
Actual Return on Plan Assets	13,024	17,908	3,739	3,808	—	—
Employer Contributions	4,665	6,916	4,156	4,000	654	610
Participant Contributions	—	—	240	121	—	—
Benefits Paid	(6,038)	(6,877)	(2,568)	(1,758)	(654)	(610)
<b>Plan Assets at End of Year</b>	<b>\$ 137,406</b>	<b>\$ 125,755</b>	<b>\$ 32,847</b>	<b>\$ 27,280</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Change in PBO:</b>						
PBO at Beginning of Year	\$ 182,135	\$ 156,197	\$ 95,657	\$ 81,005	\$ 17,759	\$ 13,754
Service Cost	3,322	3,104	2,698	2,304	283	247
Interest Cost	5,776	6,484	3,121	3,426	549	567
Participant Contributions	—	—	240	121	—	—
Plan Amendments	732	—	—	—	—	225
Benefits Paid	(6,038)	(6,877)	(2,568)	(1,758)	(654)	(610)
Actuarial (Gain) or Loss	20,165	23,227	7,683	10,559	2,288	3,576
<b>PBO at End of Year</b>	<b>\$ 206,092</b>	<b>\$ 182,135</b>	<b>\$ 106,831</b>	<b>\$ 95,657</b>	<b>\$ 20,225</b>	<b>\$ 17,759</b>
<b>Funded Status: Assets vs PBO</b>	<b>\$ (68,686)</b>	<b>\$ (56,380)</b>	<b>\$ (73,984)</b>	<b>\$ (68,377)</b>	<b>\$ (20,225)</b>	<b>\$ (17,759)</b>

The increases in the PBO for the Pension and PBOP plans as of December 31, 2020 compared to December 31, 2019 reflects a decrease in the assumed discount rate as of December 31, 2020.

The funded status of the Pension, PBOP and SERP Plans is calculated based on the difference between the benefit obligation and the fair value of plan assets and is recorded on the balance sheets as an asset or a liability. Because the Company recovers the retiree benefit costs from customers through rates, regulatory assets are recorded in lieu of an adjustment to Accumulated Other Comprehensive Income/(Loss).

The Company has recorded on its consolidated balance sheets as a liability the underfunded status of its and its subsidiaries' retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets, net of deferred tax benefits, of \$103.7 million and \$88.9 million at December 31, 2020 and 2019, respectively, to account for the future collection of these plan obligations in electric and gas rates.

The Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected

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compensation increases. The ABO for the Pension Plan was \$189.4 million and \$166.5 million as of December 31, 2020 and 2019, respectively. The ABO for the SERP was \$16.7 million and \$13.6 million as of December 31, 2020 and 2019, respectively. For the PBOP Plan, the ABO and PBO are the same. (See Note 1 (Summary of Significant Accounting Policies) for further discussion of SERP funding.)

The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2021 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

The following table represents employer contributions, participant contributions and benefit payments (000's).

	Pension Plan			PBOP Plan			SERP		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Employer Contributions	\$4,665	\$6,916	\$16,628	\$4,156	\$4,000	\$4,000	\$654	\$610	\$401
Participant Contributions	\$ —	\$ —	\$ —	\$ 240	\$ 121	\$ 153	\$ —	\$ —	\$ —
Benefit Payments	\$6,038	\$6,877	\$ 4,986	\$2,568	\$1,758	\$2,193	\$654	\$610	\$401

The following table represents estimated future benefit payments (000's).

	Estimated Future Benefit Payments		
	Pension	PBOP	SERP
2021	\$ 7,150	\$ 2,948	\$ 637
2022	7,051	3,066	636
2023	7,864	3,235	635
2024	8,532	3,418	634
2025	8,648	3,704	1,182
2026—2030	52,765	21,958	6,258

The Expected Long-Term Rate of Return on Pension Plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on Pension Plan assets is based on target investment allocation of 56% in common stock equities, 39% in fixed income securities and 5% in real estate securities. The Company's Expected Long-Term Rate of Return on PBOP Plan assets is based on target investment allocation of 55% in common stock equities and 45% in fixed income securities. The actual investment allocations are shown in the following tables.

Pension Plan	Target Allocation 2021	Actual Allocation at December 31,		
		2020	2019	2018
Equity Funds	56%	58%	54%	49%
Debt Funds	39%	37%	36%	40%
Real Estate Fund	5%	4%	9%	10%
Other <sup>(1)</sup>	—	1%	1%	1%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>(1)</sup> Represents investments being held in cash equivalents as of December 31, 2020, December 31, 2019 and December 31, 2018 pending payment of benefits.

PBOP Plan	Target Allocation 2021	Actual Allocation at December 31,		
		2020	2019	2018
Equity Funds	55%	55%	56%	53%
Debt Funds	45%	45%	44%	47%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

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The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 7.40% for 2020. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 5 – 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019. Please also see Note 1 (Summary of Significant Accounting Policies) for a discussion of the Company's fair value accounting policy.

### Equity, Fixed Income, Index and Asset Allocation Funds

These investments are valued based on quoted prices from active markets. These securities are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied.

### Cash Equivalents

These investments are valued at cost, which approximates fair value, and are categorized in Level 1.

### Real Estate Fund

These investments are valued at net asset value per unit based on a combination of market- and income-based models utilizing market discount rates, projected cash flows and the estimated value into perpetuity. In accordance with FASB Codification Topic 820, "Fair Value Measurement", these investments have not been classified in the fair value hierarchy. The fair value amounts presented in the tables below for the Real Estate Fund are intended to permit reconciliation of the fair value hierarchy to the "Plan Assets at End of Year" line item shown in the "Change in Plan Assets" table above.

Assets measured at fair value on a recurring basis for the Pension Plan as of December 31, 2020 and 2019 are as follows (000's):

<u>Description</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Balance as of December 31,</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>2020</b>				
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	\$ 79,690	\$ 79,690	\$ —	\$ —
Fixed Income Funds	50,622	50,622	—	—
Total Mutual Funds	130,312	130,312	—	—
Cash Equivalents	1,277	1,277		
Total Assets in the Fair Value Hierarchy	\$ 131,589	\$ 131,589	\$ —	\$ —
Real Estate Fund—Measured at Net Asset Value	5,817			
Total Assets	\$ 137,406			

Description	Fair Value Measurements at Reporting Date Using			
	Balance as of December 31,	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2019</b>				
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	\$ 68,848	\$ 68,848	\$ —	\$ —
Fixed Income Funds	44,980	44,980	—	—
Total Mutual Funds	113,828	113,828	—	—
Cash Equivalents	750	750	—	—
Total Assets in the Fair Value Hierarchy	\$ 114,578	\$ 114,578	\$ —	\$ —
Real Estate Fund—Measured at Net Asset Value	11,177			
Total Assets	\$ 125,755			

Redemptions of the Real Estate Fund are subject to a sixty-five day notice period and the fund is valued quarterly. There are no unfunded commitments.

Assets measured at fair value on a recurring basis for the PBOP Plan as of December 31, 2020 and 2019 are as follows (000's):

Description	Fair Value Measurements at Reporting Date Using			
	Balance as of December 31,	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2020</b>				
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	\$ 14,716	\$ 14,716	\$ —	\$ —
Equity Funds	18,131	18,131	—	—
Total Assets	\$ 32,847	\$ 32,847	\$ —	\$ —
<b>2019</b>				
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	\$ 11,888	\$ 11,888	\$ —	\$ —
Equity Funds	15,392	15,392	—	—
Total Assets	\$ 27,280	\$ 27,280	\$ —	\$ —

**Employee 401(k) Tax Deferred Savings Plan**—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund.

The Company's contributions to the 401(k) Plan were \$3.0 million, \$2.8 million and \$2.7 million for the years ended December 31, 2020, 2019 and 2018, respectively.

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

None.

### **Item 9A. Controls and Procedures**

#### **Disclosure 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, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2020. Based on this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2020 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective.

#### **Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of management, including the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, Unutil management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, based upon criteria established in the "Internal Control—Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, Unutil management concluded that Unutil's internal control over financial reporting was effective as of December 31, 2020.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2020, as stated in their report which appears in Part II, Item 8 herein.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in Unutil's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, Unutil's internal control over financial reporting.

### **Item 9B. Other Information**

On February 2, 2021, the Company issued a press release announcing its results of operations for the year ended December 31, 2020. The press release is furnished with this Annual Report on Form 10-K as Exhibit 99.1.



## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information required by this Item is set forth in the “Proposal 1: Election of Directors” section and the “Description of Management” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021. Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, is set forth in the “Corporate Governance and Policies of the Board—Section 16(a) Beneficial Ownership Reporting Compliance” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021. Information regarding the Company’s Audit Committee is set forth in the “Committees of the Board—Audit Committee” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021. Information regarding the Company’s Code of Ethics is set forth in the “Corporate Governance and Policies of the Board—Code of Ethics” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021. Information regarding procedures by which shareholders may recommend nominees to the Company’s Board of Directors is set forth in the “Corporate Governance and Policies of the Board—Nominations” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021.

### **Item 11. Executive Compensation**

Information required by this Item is set forth in the “Compensation Discussion and Analysis” and “Compensation of Named Executive Officers” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information required by this Item is set forth in the “Beneficial Ownership” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021, as well as the Equity Compensation Plan Information table in Part II, Item 5 of this Form 10-K.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information required by this Item is set forth in the “Corporate Governance and Policies of the Board—Transactions with Related Persons” and the “Corporate Governance and Policies of the Board—Director Independence” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021.

### **Item 14. Principal Accountant Fees and Services**

Information required by this Item is set forth in the “Audit Committee Report—Principal Accountant Fees and Services” and the “Audit Committee Report—Audit Committee Pre-Approval Policy” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 28, 2021.

**PART IV****Item 15. Exhibits and Financial Statement Schedules****(a) (1) and (2)—LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

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

- Report of Independent Registered Public Accounting Firm
- Consolidated Statements of Earnings for the years ended December 31, 2020, 2019 and 2018
- Consolidated Balance Sheets—December 31, 2020 and 2019
- Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2020, 2019 and 2018
- Notes to Consolidated Financial Statements

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

**(3)—LIST OF EXHIBITS**

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
3.1	Articles of Incorporation of Unitil Corporation.	Exhibit 3.1 to Form S-14 Registration Statement No. 2-93769 dated October 12, 1984 (P)
3.2	Articles of Amendment to the Articles of Incorporation Filed with the Secretary of State of the State of New Hampshire on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991 (SEC File No. 1-8858) (P)
3.3	<a href="#">Articles of Amendment to the Articles of Incorporation Filed with the Secretary of State of the State of New Hampshire on September 23, 2008.</a>	<a href="#">Exhibit 3.3 to Form S-3/A Registration Statement No. 333-152823 dated November 25, 2008</a>
3.4	<a href="#">Articles of Amendment to the Articles of Incorporation Filed with the Secretary of State of the State of New Hampshire on April 27, 2011.</a>	<a href="#">Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3 Registration Statement No. 333-168394, dated January 28, 2014</a>
3.5	<a href="#">Third Amended and Restated By-Laws of Unitil Corporation.</a>	<a href="#">Exhibit 3.1 to Form 8-K dated December 12, 2013 (SEC File No. 1-8858)</a>
3.6	<a href="#">Fourth Amended and Restated By-Laws of Unitil Corporation.</a>	<a href="#">Exhibit 3.1 to Form 8-K dated April 29, 2020 (SEC File No. 1-8858)</a>
4.1	<a href="#">Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.</a>	<a href="#">Exhibit 4.1 to Form 10-K for 2002 (SEC File No. 1-8858)</a>

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
4.2	Fitchburg Note Agreement dated November 1, 1993 for the 6.75% Notes due November 30, 2023.	Exhibit 4.18 to Form 10-K for 1993 (SEC File No. 1-8858) (P)
4.3	<a href="#">Fitchburg Note Agreement dated January 15, 1999 for the 7.37% Notes due January 15, 2029.</a>	<a href="#">Exhibit 4.25 to Form 10-K for 1999 (SEC File No. 1-8858)</a>
4.4	<a href="#">Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.</a>	<a href="#">Exhibit 4.6 to Form 10-Q for June 30, 2001 (SEC File No. 1-8858)</a>
4.5	<a href="#">Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.</a>	<a href="#">Exhibit 4.7 to Form 10-K for 2003 (SEC File No. 1-8858)</a>
4.6	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.7	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.8	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.9	<a href="#">Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.</a>	<a href="#">Exhibit 4.1 to Form 8-K dated December 3, 2008 (SEC File No. 1-8858)</a>
4.10	<a href="#">Northern Utilities Note Purchase Agreement, dated as of March 2, 2010, for the 5.29% Senior Notes, due March 2, 2020.</a>	<a href="#">Exhibit 4.1 to Form 8-K dated March 2, 2010 (SEC File No. 1-8858)</a>
4.11	<a href="#">Fourteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of March 2, 2010.</a>	<a href="#">Exhibit 4.4 to Form 8-K dated March 2, 2010 (SEC File No. 1-8858)</a>
4.12	<a href="#">Northern Utilities form of Note Purchase Agreement, dated as of October 15, 2014, for the 4.42% Senior Notes, due October 15, 2044.</a>	<a href="#">Exhibit 4.1 to Form 8-K dated October 15, 2014 (SEC File No. 1-8858)</a>
4.13	<a href="#">Northern Utilities form of Note issued pursuant to the Note Purchase Agreement, dated as of October 15, 2014, for the 4.42% Senior Notes, due October 15, 2044.</a>	<a href="#">Exhibit 4.2 to Form 8-K dated October 15, 2014 (SEC File No. 1-8858)</a>
4.14	<a href="#">Note Purchase Agreement dated August 1, 2016 by and among Unitil Corporation and the several purchasers named therein for the 3.70% Senior Notes, Series 2016, due August 1, 2026.</a>	<a href="#">Exhibit 4.1 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>
4.15	<a href="#">3.70% Senior Note, Series 2016, dated as of August 1, 2016 purchased by Metropolitan Life Insurance Company in the principal amount of \$11,200,000.</a>	<a href="#">Exhibit 4.2 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>
4.16	<a href="#">3.70% Senior Note, Series 2016, dated as of August 1, 2016 purchased by Lincoln Benefit Life Company in the principal amount of \$4,000,000.</a>	<a href="#">Exhibit 4.3 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>
4.17	<a href="#">3.70% Senior Note, Series 2016, dated as of August 1, 2016 purchased by Lincoln Benefit Life Company in the principal amount of \$3,800,000.</a>	<a href="#">Exhibit 4.4 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
4.18	<a href="#">3.70% Senior Note, Series 2016, dated as of August 1, 2016 purchased by Lincoln Benefit Life Company in the principal amount of \$1,000,000.</a>	<a href="#">Exhibit 4.5 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>
4.19	<a href="#">3.70% Senior Note, Series 2016, dated as of August 1, 2016 purchased by United of Omaha Life Insurance Company in the principal amount of \$5,000,000.</a>	<a href="#">Exhibit 4.6 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>
4.20	<a href="#">3.70% Senior Note, Series 2016, dated as of August 1, 2016 purchased by United of Omaha Life Insurance Company in the principal amount of \$3,000,000.</a>	<a href="#">Exhibit 4.7 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>
4.21	<a href="#">3.70% Senior Note, Series 2016, dated as of August 1, 2016 purchased by Companion Life Insurance Company in the principal amount of \$2,000,000.</a>	<a href="#">Exhibit 4.8 to Form 8-K dated August 1, 2016 (SEC File No. 1-8858)</a>
4.22	<a href="#">Note Purchase Agreement dated July 14, 2017 by and among Northern Utilities, Inc. and the several purchasers named therein for the 3.52% Senior Notes, Series 2017A, due November 1, 2027 and the 4.32% Senior Notes, Series 2017B, due November 1, 2047.</a>	<a href="#">Exhibit 4.1 to Form 8-K dated July 14, 2017 (SEC File No. 1-8858)</a>
4.23	<a href="#">Note Purchase Agreement dated July 14, 2017 by and among Fitchburg Gas and Electric Light Company and the several purchasers named therein for the 3.52% Senior Notes, Series 2017A, due November 1, 2027 and the 4.32% Senior Notes, Series 2017B, due November 1, 2047.</a>	<a href="#">Exhibit 4.2 to Form 8-K dated July 14, 2017 (SEC File No. 1-8858)</a>
4.24	<a href="#">Note Purchase Agreement dated July 14, 2017 by and among Granite State Gas Transmission, Inc. and the several purchasers named therein for the 3.72% Senior Notes, Series 2017A, due November 1, 2027.</a>	<a href="#">Exhibit 4.3 to Form 8-K dated July 14, 2017 (SEC File No. 1-8858)</a>
4.25****	<a href="#">3.52% Senior Note, Series 2017A, due November 1, 2027, issued by Northern Utilities, Inc. to Great-West Life &amp; Annuity Insurance Company.</a>	<a href="#">Exhibit 4.2 to Form 8-K dated November 1, 2017 (SEC File No. 1-8858)</a>
4.26****	<a href="#">4.32% Senior Note, Series 2017B, due November 1, 2047, issued by Northern Utilities, Inc. to The Canada Life Insurance Company of Canada.</a>	<a href="#">Exhibit 4.3 to Form 8-K dated November 1, 2017 (SEC File No. 1-8858)</a>
4.27****	<a href="#">3.52% Senior Note, Series 2017A, due November 1, 2027, issued by Fitchburg Gas and Electric Light Company to Great-West Life &amp; Annuity Insurance Company.</a>	<a href="#">Exhibit 4.5 to Form 8-K dated November 1, 2017 (SEC File No. 1-8858)</a>
4.28****	<a href="#">4.32% Senior Note, Series 2017B, due November 1, 2047, issued by Fitchburg Gas and Electric Light Company to The Great-West Life Assurance Company.</a>	<a href="#">Exhibit 4.6 to Form 8-K dated November 1, 2017 (SEC File No. 1-8858)</a>
4.29****	<a href="#">3.72% Senior Note, Series 2017A, due November 1, 2027, issued by Granite State Gas Transmission, Inc. to Thrivent Financial for Lutherans.</a>	<a href="#">Exhibit 4.8 to Form 8-K dated November 1, 2017 (SEC File No. 1-8858)</a>
4.30	<a href="#">Bond Purchase Agreement dated November 30, 2018 by and among Unitil Energy Systems, Inc. and the several purchasers named therein for the \$30,000,000 aggregate principal amount of first mortgage bonds, Series Q, due November 30, 2048.</a>	<a href="#">Exhibit 4.1 to Form 8-K dated November 30, 2018 (SEC File No. 1-8858)</a>
4.31	<a href="#">Fifteenth Supplemental Indenture dated November 29, 2018 by and between Unitil Energy Systems, Inc. and U.S. Bank National Association (as trustee).</a>	<a href="#">Exhibit 4.2 to Form 8-K dated November 30, 2018 (SEC File No. 1-8858)</a>

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
4.32****	<a href="#"><u>First Mortgage Bond, Series Q, 4.18%, due November 30, 2048, issued by Unutil Energy Systems, Inc. to United of Omaha Life Insurance Company.</u></a>	<a href="#"><u>Exhibit 4.3 to Form 8-K dated November 30, 2018 (SEC File No. 1-8858)</u></a>
4.33	<a href="#"><u>Note Purchase Agreement dated September 12, 2019 by and among Northern Utilities, Inc. and the several purchasers named therein.</u></a>	<a href="#"><u>Exhibit 4.1 to Form 8-K dated September 12, 2019 (SEC File No. 1-8858)</u></a>
4.34****	<a href="#"><u>4.04% Senior Note, Series 2019, due September 12, 2049, issued by Northern Utilities, Inc. to Pacific Life Insurance Company.</u></a>	<a href="#"><u>Exhibit 4.2 to Form 8-K dated September 12, 2019 (SEC File No. 1-8858)</u></a>
4.35	<a href="#"><u>Note Purchase Agreement dated December 18, 2019 by and among Unutil Corporation and the several purchasers named therein.</u></a>	<a href="#"><u>Exhibit 4.1 to Form 8-K dated December 18, 2019 (SEC File No. 1-8858)</u></a>
4.36****	<a href="#"><u>3.43% Senior Note, Series 2019, due December 18, 2029, issued by Unutil Corporation to CHIMEFISH &amp; CO, as nominee for American Equity Investment Life Insurance Company.</u></a>	<a href="#"><u>Exhibit 4.2 to Form 8-K dated December 18, 2019 (SEC File No. 1-8858)</u></a>
4.37	<a href="#"><u>Note Purchase Agreement dated September 15, 2020 by and among Northern Utilities, Inc. and the several purchasers named therein.</u></a>	<a href="#"><u>Exhibit 4.1 to Form 8-K dated September 15, 2020 (SEC File No. 1-8858)</u></a>
4.38****	<a href="#"><u>3.78% Senior Note, Series 2020, due September 15, 2040, issued by Northern Utilities, Inc. to Metropolitan Life Insurance Company.</u></a>	<a href="#"><u>Exhibit 4.2 to Form 8-K dated September 15, 2020 (SEC File No. 1-8858)</u></a>
4.39	<a href="#"><u>Note Purchase Agreement dated September 15, 2020 by and among Fitchburg Gas and Electric Light Company and the several purchasers named therein.</u></a>	<a href="#"><u>Exhibit 4.3 to Form 8-K dated September 15, 2020 (SEC File No. 1-8858)</u></a>
4.40****	<a href="#"><u>3.78% Senior Note, Series 2020A, due September 15, 2040, issued by Fitchburg Gas and Electric Light Company to Brighthouse Life Insurance Company of NY.</u></a>	<a href="#"><u>Exhibit 4.4 to Form 8-K dated September 15, 2020 (SEC File No. 1-8858)</u></a>
4.41	<a href="#"><u>Bond Purchase Agreement dated September 15, 2020 by and among Unutil Energy Systems, Inc., U.S. Bank National Association (as trustee), and the several purchasers named therein.</u></a>	<a href="#"><u>Exhibit 4.5 to Form 8-K dated September 15, 2020 (SEC File No. 1-8858)</u></a>
4.42	<a href="#"><u>Sixteenth Supplemental Indenture dated September 15, 2020 by and between Unutil Energy Systems, Inc. and U.S. Bank National Association (as trustee).</u></a>	<a href="#"><u>Exhibit 4.6 to Form 8-K dated September 15, 2020 (SEC File No. 1-8858)</u></a>
4.43****	<a href="#"><u>First Mortgage Bond, Series R, 3.58%, due September 15, 2040, issued by Unutil Energy Systems, Inc. to CUDD and CO (as nominee for Symetra Life Insurance Company).</u></a>	<a href="#"><u>Exhibit 4.7 to Form 8-K dated September 15, 2020 (SEC File No. 1-8858)</u></a>
4.44	<a href="#"><u>Second Amended and Restated Credit Agreement dated July 25, 2018 among Unutil Corporation, Bank of America, N.A., as administrative agent, and the Lenders.</u></a>	<a href="#"><u>Exhibit 4.1 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
4.45	<a href="#"><u>Amended and Restated Note issued to Bank of America, N.A.</u></a>	<a href="#"><u>Exhibit 4.2 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
4.46	<a href="#"><u>Amended and Restated Note issued to Citizens Bank, N.A.</u></a>	<a href="#"><u>Exhibit 4.3 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
4.47	<a href="#"><u>Amended and Restated Note issued to TD Bank, N.A.</u></a>	<a href="#"><u>Exhibit 4.4 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
4.48	<a href="#"><u>Loan Agreement dated December 18, 2020 between Unitil Realty Corp. and TD Bank, N.A.</u></a>	Filed Herewith
4.49	<a href="#"><u>Mortgage and Security Agreement dated December 18, 2020 Unitil Realty Corp. and TD Bank, N.A.</u></a>	Filed Herewith
4.50	<a href="#"><u>Mortgage Loan Note dated December 18, 2020 issued to TD Bank, N.A.</u></a>	Filed herewith
4.51	<a href="#"><u>Description of Registrant's Securities</u></a>	Filed herewith
10.1***	<a href="#"><u>Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.</u></a>	<a href="#"><u>Exhibit 10.2 to Form 8-K dated June 19, 2008 (SEC File No. 1-8858)</u></a>
10.2***	<a href="#"><u>Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.</u></a>	<a href="#"><u>Exhibit 10.3 to Form 8-K dated June 19, 2008 (SEC File No. 1-8858)</u></a>
10.3***	<a href="#"><u>Amended and Restated Form of Severance Agreement (Three-Year Term).</u></a>	<a href="#"><u>Exhibit 10.1 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
10.4***	<a href="#"><u>Amended and Restated Form of Severance Agreement (Two-Year Term).</u></a>	<a href="#"><u>Exhibit 10.2 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
10.5***	<a href="#"><u>Amended and Restated Form of Severance Agreement (Two-Year Term; Non Pension).</u></a>	<a href="#"><u>Exhibit 10.3 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
10.6***	<a href="#"><u>Severance Agreement dated January 30, 2019 between Unitil Corporation, Unitil Service Corp. and Christine L. Vaughan.</u></a>	<a href="#"><u>Exhibit 10.1 to Form 8-K dated January 30, 2019 (SEC File No. 1-8858)</u></a>
10.7***	<a href="#"><u>Severance Agreement dated March 23, 2020, between the Company and Daniel J. Hurstak.</u></a>	<a href="#"><u>Exhibit 10.1 to Form 8-K dated March 19, 2020 (SEC File No. 1-8858)</u></a>
10.8***	<a href="#"><u>Severance Agreement dated July 29, 2020, between the Company and Robert B. Hevert.</u></a>	<a href="#"><u>Exhibit 10.1 to Form 8-K dated July 29, 2020 (SEC File No. 1-8858)</u></a>
10.9***	<a href="#"><u>Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2016.</u></a>	<a href="#"><u>Exhibit 10.1 to Form 10-Q for March 31, 2017 (SEC File No. 1-8858)</u></a>
10.10***	<a href="#"><u>Amended and Restated Supplemental Executive Retirement Plan.</u></a>	<a href="#"><u>Exhibit 10.5 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
10.11***	<a href="#"><u>Unitil Corporation Deferred Compensation Plan.</u></a>	<a href="#"><u>Exhibit 10.6 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
10.12***	<a href="#"><u>Unitil Corporation Management Incentive Plan (amended and restated as of June 5, 2013).</u></a>	<a href="#"><u>Exhibit 10.2 to Form 8-K dated June 5, 2013 (SEC File No. 1-8858)</u></a>

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
10.13***	<a href="#"><u>Unitil Corporation Second Amended and Restated 2003 Stock Plan.</u></a>	<a href="#"><u>Appendix 1 to the Proxy Statement filed on Schedule 14A dated March 13, 2012 (SEC File No. 1-8858)</u></a>
10.14***	<a href="#"><u>Form of Restricted Stock Unit Agreement under the Unitil Corporation Second Amended and Restated 2003 Stock Plan.</u></a>	<a href="#"><u>Exhibit 4.7 to Form S-8 Registration Statement No. 333-184849 dated November 9, 2012</u></a>
10.15***	<a href="#"><u>Form of Restricted Stock Agreement under the Unitil Corporation Second Amended and Restated 2003 Stock Plan.</u></a>	<a href="#"><u>Exhibit 4.8 to Form S-8 Registration Statement No. 333-184849 dated November 9, 2012</u></a>
10.16***	<a href="#"><u>Unitil Corporation Tax Deferred Savings and Investment Plan, as amended and restated effective as of January 1, 2015.</u></a>	<a href="#"><u>Exhibit 4.1 to Form S-8 Registration Statement No. 333-234391 dated October 31, 2019</u></a>
10.17***	<a href="#"><u>Unitil Corporation Tax Deferred Savings and Investment Plan Trust Agreement.</u></a>	<a href="#"><u>Exhibit 4.2 to Form S-8 Registration Statement No. 333-234391 dated October 31, 2019</u></a>
10.18***	<a href="#"><u>Amendment to Unitil Corporation Tax Deferred Savings and Investment Plan.</u></a>	<a href="#"><u>Exhibit 10.1 to Form 10-Q for June 30, 2019 (SEC File No. 1-8858)</u></a>
10.19***	<a href="#"><u>Amendment to Unitil Corporation Tax Deferred Savings and Investment Plan.</u></a>	<a href="#"><u>Exhibit 10.17 to Form 10-K for 2019 (SEC File No. 1-8858)</u></a>
10.20***	<a href="#"><u>Amendment to Unitil Corporation Tax Deferred Savings and Investment Plan.</u></a>	Filed herewith
10.21***	<a href="#"><u>Employment Agreement effective July 25, 2018 between Unitil Corporation and Thomas P. Meissner, Jr.</u></a>	<a href="#"><u>Exhibit 10.4 to Form 8-K dated July 25, 2018 (SEC File No. 1-8858)</u></a>
10.22***	<a href="#"><u>Unitil Corporation Incentive Plan (amended and restated as of January 26, 2015).</u></a>	<a href="#"><u>Exhibit 10.1 to Form 10-Q for March 31, 2015 (SEC File No. 1-8858)</u></a>
10.23***	<a href="#"><u>Unitil Corporation—Compensation of Directors effective as of January 1, 2019.</u></a>	<a href="#"><u>Exhibit 10.21 to Form 10-K for 2019 (SEC File No. 1-8858)</u></a>
10.24***	<a href="#"><u>Unitil Corporation—Compensation of Directors effective as of January 1, 2021.</u></a>	Filed herewith
11.1	<a href="#"><u>Statement Re: Computation in Support of Earnings per Share for the Company.</u></a>	Filed herewith
21.1	<a href="#"><u>Statement Re: Subsidiaries of Registrant.</u></a>	Filed herewith
23.1	<a href="#"><u>Consent of Independent Registered Public Accounting Firm.</u></a>	Filed herewith
31.1	<a href="#"><u>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.</u></a>	Filed herewith

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Reference*</u>
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>	Filed herewith
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>	Filed herewith
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>	Filed herewith
99.1	<a href="#">Unitil Corporation Press Release Dated February 2, 2021 Announcing Earnings For the Year Ended December 31, 2020.</a>	Filed herewith
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.	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith
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

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

\*\* In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

\*\*\* These exhibits represent a management contract or compensatory plan.

\*\*\*\* This Note or Bond (each, an “Instrument”) is substantially identical in all material respects to other Instruments that are otherwise required to be filed as exhibits, except as to the registered payee of such Instrument, the identifying number of such Instrument, and the principal amount of such Instrument. In accordance with instruction no. 2 to Item 601 of Regulation S-K, the registrant has filed a copy of only one of such Instruments, with a schedule identifying the other Instruments omitted and setting forth the material details in which such Instruments differ from the Instrument that was filed. The registrant acknowledges that the Securities and Exchange Commission may at any time in its discretion require filing of copies of any Instruments so omitted.

(P) Paper exhibit.





LOAN AGREEMENT

Dated: As of December 18, 2020

Between

UNITIL REALTY CORP.

("Borrower")

and

TD BANK, N.A. ("Lender")

\$4,720,000 TERM LOAN

SECURED BY PROPERTY

LOCATED AT 6 Liberty Lane West, Hampton, Rockingham County, New Hampshire

## LOAN AGREEMENT

This is an agreement (“**Loan Agreement**” or “**Agreement**”) made and entered into as of the 18th day of December, 2020, by and between UNITIL REALTY CORP., a New Hampshire corporation, having an address at 6 Liberty Lane West, Hampton, New Hampshire 03842 (“**Borrower**”) and TD BANK, N.A., a national banking association having an address at 300 Franklin Street, Manchester, New Hampshire 03101 (“**Lender**”).

WITNESSETH:

### 1. BACKGROUND.

1.1 Defined Terms. Capitalized terms used in this Agreement are defined either in Exhibit A, or in specific sections of this Agreement, or in another Loan Document, as referenced in Exhibit A. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, renewed, replaced, supplemented or otherwise modified from time to time (subject to any restrictions on such amendments, restatements, renewals, replacements, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All terms defined in this Agreement shall have the defined meanings when used in any other Loan Document unless otherwise defined therein. As used herein or in any other Loan Document, accounting terms relating to the Borrower, to the extent not defined, shall have the respective meanings given to them under Generally Accepted Accounting Principles (“GAAP”). Any reference to “value” of assets or property means the lower of cost or market value of such assets or property, determined in accordance with GAAP.

1.2 Borrower. Borrower is a corporation organized under the laws of the State of New Hampshire.

1.3 Land and Improvements; Property. Borrower is the owner of certain land (the “**Land**”) located at 6 Liberty Lane West, Town of Hampton, County of Rockingham, New Hampshire and more particularly described in the Mortgage (together with all structures, buildings, additions, extensions, modifications, and all other improvements of any kind whatsoever, and replacements of any of the foregoing, now or hereafter located at or upon the Land, the “**Improvements**”). The Land and Improvements are collectively called the “**Property**”.

1.4 Use of Loan Proceeds. Borrower has applied to Lender for a loan of \$4,720,000 (“**Loan**”) the proceeds of which are to be used by Borrower to pay costs and expenses incident to closing the Loan and for any other purpose.

1.5 Loan. Subject to all of the terms, conditions and provisions of this Agreement, and of the agreements and instruments referred to herein, Lender agrees to make the Loan and Borrower agrees to accept and repay the Loan.

## 2. LOAN PROVISIONS.

2.1 Amount of Loan. The Loan shall be in the amount of \$4,720,000.

2.2 Term of Loan; No Extension Right. The Loan shall be for a term (“**Term**”) commencing on the date hereof and ending on December 18, 2030 (“**Maturity Date**”). There shall be no extension right.

2.3 Interest Rate and Payment Terms. The Loan shall be payable as to interest and principal in accordance with the provisions of the Note. The Note also provides for interest at a Default Rate, late payments charges and prepayment rights, fees and costs. All payments and prepayments of interest, principal and fees shall be made in lawful money of the United States in immediately available funds, without counterclaim or set off and free and clear of, and without any deductions or withholding for, any taxes or other payments.

2.4 Loan Fees. Borrower shall pay a loan fee in the amount of Four Thousand Seven Hundred Twenty Dollars (\$4,720), representing ten (10) basis points of the amount of the Loan.

2.5 Acceleration. The Loan may be accelerated, at the option of Lender, following an Event of Default. Upon such an acceleration, all principal, accrued interest and costs and expenses shall be due and payable together with interest on such principal at the Default Rate and any applicable prepayment charge or fee

2.6 Cross Default. Borrower expressly acknowledges and agrees that Borrower’s obligations to Lender with respect to the Loan shall be and hereby are cross defaulted with Borrower’s obligations to Lender under the Unitil Revolving Credit Agreement (as hereinafter defined). The “**Unitil Revolving Credit Agreement**” means that certain Second Amended and Restated Credit Agreement dated as of July 25, 2018, as amended, modified and restated, among Unitil Corporation, as borrower, Bank of America, N.A., as Administrative Agent and lender, Citizens Bank, N.A., as syndication agent and lender and the other lenders party thereto.

2.7 Reserved.

2.8 Changes in Law.

2.8.1 If any present or future law, governmental rule, regulation, policy, guideline, directive or similar requirement (whether or not having the force of law) imposes, modifies, or deems applicable any capital adequacy, capital maintenance or similar requirement which affects the manner in which Lender allocates capital resources to its commitments (including any commitments hereunder), and as a result thereof, in the opinion of Lender, the rate of return on Lender's capital with regard to the Loan is reduced to a level below that which Lender could have achieved but for such circumstances, then in such case and upon notice from Lender to Borrower, from time to time, Borrower shall pay Lender such additional amount or amounts as shall compensate Lender for such reduction in Lender's rate of return. Such notice shall contain the statement of Lender with regard to any such amount or amounts which shall, in the absence of manifest error, be binding upon Borrower. In determining such amount, Lender may use any reasonable method of averaging and attribution that it deems applicable. For the avoidance of doubt, the foregoing provisions shall apply to all requests, rules, regulations, guidelines or directives concerning capital adequacy issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, regardless of the date adopted, issued, promulgated or implemented.

2.8.2 If, after the date hereof, any (a) adoption of, or change in, United States federal, state or foreign laws, regulations or treaties, or any governmental or quasi-governmental rules, regulations, policies, guidelines, requests or directives (whether or not having the force of law), including the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives issued in connection therewith regardless of the date enacted, adopted or issued, or (b) change in the interpretation, promulgation, implementation or administration of or under any United States federal, state or foreign laws, regulations or treaties, or any governmental or quasi-governmental rules, regulations, policies, guidelines, requests or directives (whether or not having the force of law), including the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives issued in connection therewith regardless of the date enacted, adopted or issued, by any court, governmental, quasi-governmental, central bank or comparable agency or monetary authority that is charged with the interpretation or administration thereof, shall (1) subject Lender to any tax of any kind whatsoever with respect to any loans made by it, or change the basis of taxation of payments

to Lender in respect thereof (except for changes in the rate of tax on the overall net income of Lender); (2) impose, modify, or hold applicable, any reserve, special deposit, compulsory loan, or similar requirement against assets held by, deposits or other liabilities in, or for the account of, advances, loans, or other extension of credit (including participations therein) by, or any other acquisition of funds by, any office of Lender which is not otherwise included in the determination of the rate under the Note; or (3) shall impose on such Lender any other condition; and the result of any of the foregoing is to materially increase the cost to Lender of making or maintaining the loan evidenced by the Note, or to reduce any amount receivable under the Note, this Agreement or any other Loan Document, then, in any such case, Borrower shall promptly pay Lender, upon its demand, any additional amounts necessary to compensate Lender for such additional costs or reduced amount receivable which Lender reasonably deems to be material as determined by Lender, with respect to the Loan. A certificate as to any additional amounts payable pursuant to this paragraph submitted by Lender to Borrower shall be presumptive evidence of such amounts owing. Lender agrees to use reasonable efforts to avoid, or to minimize, any amounts which might otherwise be payable pursuant to this paragraph provided however, that such efforts shall not cause the imposition on Lender of any additional costs or legal regulatory burdens deemed by Lender in good faith to be material.

### 3. SECURITY FOR THE LOAN; LOAN AND SECURITY DOCUMENTS.

3.1 Security. All Obligations shall be secured by the following “Security” which Borrower agrees to provide and maintain:

3.1.1 Mortgage and Security Agreement. A first priority mortgage and security agreement (“**Mortgage**”) on (i) the Property, (ii) all land, improvements, furniture, fixtures, goods, equipment, and other assets (including, without limitation, accounts, contracts, contract rights, Licenses and Permits, general intangibles, documents and instruments), including all after-acquired property, owned, or in which Borrower has or obtains any interest, in connection with the Property; (iii) all insurance proceeds and other proceeds therefrom, and (iv) all other assets of Borrower whether now owned or hereafter acquired and related to the Property.

3.1.2 Collateral Assignment of Leases and Rents. A first priority collateral assignment of leases and rents (“**Assignment of Leases and Rents**”) with respect to all leases, subleases and occupancy rights of the Property and all income and profits to be derived from the operation and leasing of the Property.

3.1.3 Environmental Compliance and Indemnification Agreement. A compliance and indemnification agreement with respect to environmental matters (“**Environmental Indemnity**”) from Borrower (also on occasion referred to as “**Indemnitor**”).

3.2 Loan Documents and Security Documents. The Loan shall be made, evidenced, administered, secured and governed by all of the terms, conditions and provisions of the "Loan Documents", each as the same may be hereafter amended, restated, renewed, replaced, supplemented or otherwise modified from time to time, consisting of: (i) this Loan Agreement; (ii) the \$4,720,000 promissory note ("**Note**"); (iii) the Mortgage and related UCC financing statements; (iv) the Assignment of Leases and Rents; (v) UCC financing statements; (vi) the Environmental Indemnity from Borrower; and (vii) any other documents, instruments, or agreements executed to further evidence or secure the Loan.

Each of the Loan Documents listed in items (i) through (vii), inclusive is dated of even date herewith. The Mortgage, Assignment of Leases and Rents and Environmental Indemnity, are sometimes collectively referred to as the "**Security Documents**".

The Borrower authorizes the Lender at any time and from time to time to file financing statements, continuation statements, and amendments thereto describing the Collateral without the signatures of the Borrower.

4. CONTINUING AUTHORITY OF AUTHORIZED REPRESENTATIVES. Lender is authorized to rely upon the continuing authority of the persons, officers, signatories or agents hereafter designated ("**Authorized Representatives**") to bind Borrower with respect to all matters pertaining to the Loan and the Loan Documents including, but not limited to, the selection of interest rates. Such authorization may be changed only upon written notice to Lender accompanied by evidence, reasonably satisfactory to Lender, of the authority of the person giving such notice and such notice shall be effective not sooner than five (5) Business Days following receipt thereof by Lender. The present Authorized Representatives are listed on Exhibit C. Lender shall have a right of approval, not to be unreasonably withheld or delayed, over the identity of the Authorized Representatives so as to assure Lender that each Authorized Representative is a responsible and senior official of Borrower.

#### 5. LENDER'S CONSULTANTS.

5.1 Right to Employ. Lender shall have the right to employ its own personnel, or one or more engineers, architects, builders or other construction specialists, environmental advisors, scientists, accountants, and attorneys to act as an advisor to Lender in connection with the Loan (each of which shall be a Lender's "**Consultant**").

5.2 Functions. The functions of a Lender's Consultant shall include, without limitation: (i) inspection and physical review of the Property; (ii) review and analysis of any work to be done in connection with the Property; (iii) review and analysis of environmental matters; and (iv) review and analysis of financial and legal matters.

5.3 Payment. The costs and fees of Lender's Consultants shall be the obligation of the Borrower upon accrual and paid by Borrower upon demand therefor.

5.4 Access. Borrower shall provide Lender's Consultants with continuing access to all aspects of the Property and books and records related thereto at reasonable times during the day and upon at least two (2) Business Days' prior written notice to Borrower.

5.5 No Liability. Neither Lender nor any of its Consultants shall have liability to Borrower, or any third party, on account of: (i) services performed by Lender's Consultant; (ii) any failure or neglect by Lender's Consultant to properly perform services; or (iii) any approval or disapproval of work, plans or other matters. Neither Lender nor Lender's Consultant shall have any obligation regarding proper performance of work related to the Property. Borrower shall have no rights under or relating to any agreement, report, or similar document prepared by any Lender's Consultant for Lender.

## 6. LOAN DISBURSEMENT.

6.1 Advance of Loan Proceeds. Lender shall, subject to compliance with all of the other terms, conditions and provisions of this Agreement, make disbursement of the Loan proceeds entirely at closing.

7. CONDITIONS PRECEDENT. It shall be a condition precedent of Lender's obligation to close and fund the Loan that each of the following conditions precedent be satisfied in full (as determined by Lender in its discretion which discretion shall be exercised in good faith having due regard for the advice of Lender's Consultants), unless specifically waived in writing by Lender at or prior to closing and funding the Loan:

7.1 Satisfactory Loan Documents. Each of the Loan Documents and Security Documents shall be satisfactory in form, content and manner of execution and delivery to Lender and its counsel.

7.2 No Material Change. No material adverse change shall have occurred in the financial condition, business, affairs, operations or control of Borrower, since the date of the financial statements most recently delivered to Lender: September 30, 2020 for Borrower.

7.3 Warranties and Representations Accurate. All warranties and representations made by or on behalf of Borrower, to Lender shall be true, accurate and complete in all material respects and shall not omit any material fact necessary to make the same not misleading.

7.4 Financials and Appraisals. Lender shall have received and approved: (i) financial statements from Borrower complying with the standards set forth in Section 9.2.; (ii) an appraisal of the Property from an appraiser acceptable to Lender setting forth an appraised value of the Property which results in a Loan to Value Ratio not in excess of 80%.

7.5 Validity and Sufficiency of Security Documents. The Mortgage and the other Security Documents shall create a valid and perfected lien on the property described therein ("**Collateral**") and each of the Security Documents and related UCC filings shall have been duly recorded and filed to the satisfaction of Lender and its counsel.



7.6 No Other Liens; Taxes and Municipal Charges Current. The Collateral shall not be subject to any liens or encumbrances, whether inferior or superior to the Loan Documents or the Security Documents, except in respect of: (i) real estate taxes and personal property taxes not yet due and payable; and (ii) Permitted Encumbrances, if any. All real estate taxes, personal property taxes and other municipal charges relating to any of the Collateral shall be current.

7.7 Property Matters. Lender shall have received and independently approved each of the following: (i) evidence of Licenses and Permits for the Property sufficient to allow the Property to be operated in the ordinary course of business; and (ii) copies of all executed leases and lease guaranties related to the Property.

7.8 Compliance With Law. Lender shall have received and independently approved evidence that:

(i) Present Compliance. All real estate and tangible personal property constituting or intended to constitute Collateral for the Loan complies with all applicable Legal Requirements and the provisions of all applicable Licenses and Permits.

(ii) No Prohibitions or Violations. There are no applicable Legal Requirements which prohibit or adversely limit the use of the Property for the purposes the same are intended for, nor is there any outstanding and uncured violation of any applicable Legal Requirements.

(iii) Licenses and Permits. All Licenses and Permits and private approvals of every nature whatsoever, if any, which are reasonably necessary in order to allow the operation of the Property as contemplated by this Agreement and as needed under applicable Legal Requirements have been duly and finally received with all appeal periods therefrom having elapsed, with no appeal having been taken therefrom, and with no violations existing under the terms thereof.

7.9 Title Insurance; Other Evidence of Perfection. Lender shall have received: (i) a mortgagee's title insurance policy with endorsements which are all in form and substance acceptable to Lender and its counsel; and (ii) such other evidence of the perfection of its security interests as Lender and its counsel may reasonably require.

7.10 Survey. Lender shall have received and approved (i) a current, on-site instrument survey of the Land containing a certification thereon, or on a separate surveyor's certificate, of a Registered Land Surveyor acceptable to Lender which meets Lender's survey requirements, or (ii) a lesser plan or survey and an affidavit sufficient to remove the survey exception from the mortgagee's title insurance policy, all of which must be acceptable to Lender.

7.11 Condition of Property. There shall have been no material unrepaired or unrestored damage or destruction by fire or otherwise to any of the real or tangible personal property comprising or intended to comprise the Collateral.

7.12 No Takings. Neither the Property nor any material portion thereof shall have been taken by eminent domain nor shall there be any threat of such a taking.

7.13 Insurance. Borrower shall have provided to Lender with respect to the Property and the Collateral evidence of: (i) insurance coverages which meet the property, hazard and other insurance requirements set forth on Exhibit D of this Loan Agreement to the satisfaction of Lender and Lender's Consultants; and (ii) prepayment of the premiums for such insurance for at least one (1) year.

7.14 Reserved.

7.15 Hazardous Waste, Hazardous Materials and Toxic Substances. Lender shall have received, and in its sole discretion approved and accepted, satisfactory reports addressed to Lender from acceptable, qualified professionals prepared in accordance with Lender's protocols indicating the acceptability of the environmental risk associated with the Property, addressing the existence of any Hazardous Materials at, or which may affect, the Property and the Property's compliance with Environmental Legal Requirements.

7.16 Organizational Documents and Entity Agreements. Lender shall have received and approved the charter documents and by-laws of Borrower.

7.17 Votes, Consents and Authorizations. Lender shall have received and approved certified copies of all corporate votes, consents and authorizations as may be reasonably required to evidence authority for: (i) closing the Loan and the transactions contemplated hereby; (ii) providing continuing authorization to designated persons to deal in all respects on behalf of Borrower; and (iii) the execution of all Loan Documents.

7.18 Legal and Other Opinions. Lender shall have received and approved legal opinion letters from counsel representing Borrower which meet Lender's legal opinion requirements.

Lender shall also have received from qualified attorneys, engineers, surveyors and architects, such other certificates, opinions, surveys, and other evidence of compliance with each of the conditions herein set forth as Lender may reasonably require.

7.19 Leasing Matters. Lender shall have approved all tenants and leases in effect at the time of closing, and shall have received satisfactory estoppel certificates from all such tenants.

7.20 No Default. There shall not be any Default under any of the Loan Documents.

8. WARRANTIES AND REPRESENTATIONS. Borrower warrants and represents to Lender for the express purpose of inducing Lender to enter into this Agreement, to make the Loan, and to otherwise complete all of the transactions contemplated hereby, that as of the date of this Agreement, upon the date the Loan is funded and at all times thereafter

until the Loan has been repaid and all Obligations to Lender and any Affiliate Counterparty and any other Affiliate of Lender have been satisfied as follows:

8.1 Financial Information. True, accurate and complete financial statements of Unitil Corporation (which consolidate financial information of Borrower therein) have been delivered to Lender and the same fairly present the financial condition of Unitil Corporation as of the dates thereof and no material and adverse change has occurred in such financial condition since the dates thereof. All financial statements of Borrower hereafter furnished to Lender shall be true, accurate and complete and shall fairly present the financial condition of Borrower as of the dates thereof.

8.2 No Violations. The consummation of the Loan and the subsequent payment and performance of the Obligations evidenced and secured by the Loan Documents shall not constitute a violation of, or conflict with, any law, order, regulation, contract, agreement or organizational document to which Borrower is a party or by which Borrower, or the property thereof, may be bound.

8.3 No Litigation. There is no material litigation now pending, or to the best of Borrower's knowledge threatened, against Borrower which if adversely decided could materially impair the ability of Borrower to pay and perform its obligations hereunder or under the other Loan Documents.

8.4 Leases. True and complete copies of all leases of the Property which are now in effect (and all guaranties thereof) have been delivered to Lender. Such leases have not been further amended or changed in any respect and are in full force and effect, enforceable in accordance with the terms thereof, subject, however, to the terms of the Loan Documents.

8.5 Compliance With Legal Requirements. The Borrower and the Property complies with, and shall continue to comply with, all material Legal Requirements and any and all covenants, conditions, restrictions or other matters which materially affect the Obligations or the Property.

8.6 Required Licenses and Permits. All Licenses and Permits which are reasonably required in order to operate the Property in the usual course of business have been duly and properly obtained, and will remain in full force and effect, and have been, and shall be complied with, in all material respects.

8.7 Curb Cuts and Utility Connections. All required curb cuts, utility connections and Licenses and Permits therefor have been duly obtained and are in full force and effect and all utility services as reasonably required for water, gas, electric, telephone, sewer and storm drainage and sanitary waste disposal are and shall be available as a matter of right and to an extent adequate to serve the Property for their intended uses.

8.8 Good Title and No Liens. Borrower is the lawful owner of the Property and of areas over, under or on which utility or passage easements are required to make use of the Property and parking as contemplated by the Loan Documents, and is and will be the lawful owner of the Property, free and clear of all liens and encumbrances of any nature whatsoever, except for the matters, if any, which are listed as Permitted Encumbrances in the Mortgage.

8.9 Use of Proceeds. The proceeds of the Loan shall be used as set forth in Section 1.4 of this Agreement. No portion of the proceeds of the Loan shall be used directly or indirectly, and whether immediately, incidentally or ultimately (i) to purchase or carry any margin stock, or to extend credit to others for the purpose thereof, or to repay or refund indebtedness previously incurred for such purpose, or (ii) for any purpose which would violate or is inconsistent with the provisions of regulations of the Board of Governors of the Federal Reserve System including, without limitation, Regulations G, T, U and X thereof.

8.10 Entity Matters.

8.10.1 Organization. Borrower is a duly organized validly existing corporation in good standing under the laws of New Hampshire, and is duly qualified in the jurisdiction where the Property is situated and in each jurisdiction where the nature of its business is such that qualification is required and has all requisite power and authority to conduct its business and to own its property, as now conducted or owned, and as contemplated by this Loan Agreement.

8.10.2 Ownership and Taxpayer Identification Numbers. All of the stockholders of Borrower, and a description of the ownership interests of Borrower held by the same, are listed in Exhibit B and no additional ownership interests, or rights or instruments convertible into such ownership interests, shall be issued, nor shall any ownership change, except for Permitted Transfers. The taxpayer identification number of Borrower is accurately stated in Exhibit B.

8.10.3 Authorization. All required corporate actions and proceedings have been duly taken so as to authorize the execution and delivery by Borrower of the Loan Documents.

8.11 Valid and Binding. Each of the Loan Documents constitute legal, valid and binding obligations of Borrower; and each constitute legal, valid and binding obligations of the parties thereto, in accordance with the respective terms thereof, subject to bankruptcy, insolvency and similar laws of general application affecting the rights and remedies of creditors and, with respect to the availability of the remedies of specific enforcement, subject to the discretion of the court before which any proceeding therefor may be brought.

8.12 Deferred Compensation and ERISA. Borrower does not have any pension, profit sharing, stock option, insurance or other arrangement or plan for employees covered by Title IV of the Employment Retirement Security Act of 1974, as now or hereafter amended (“**ERISA**”) except as may be designated to Lender in writing by Borrower from time to time (“**ERISA Plan**”) and no “Reportable Event” as defined in ERISA has occurred and is now continuing with respect to any such ERISA Plan. The granting of the Loan, the performance by Borrower of its obligations under the Loan Documents and Borrower’s conducting of its operations do not and will not violate any provisions of ERISA.

8.13 Conditions Satisfied. Assuming that Lender and Lender's Consultants have approved all matters requiring their approval, all of the conditions precedent to closing and funding the Loan set forth in Section 7 have been satisfied.

8.14 No Material Change; No Default. There has been no material adverse change in the financial condition, business, affairs or control of Borrower since the date of their respective last financial statements most recently delivered to the Lender in accordance with the requirements of Section 9.2 hereof. No Default exists under any of the Loan Documents. There is no Default on the part of Borrower under this Agreement or any of the other Loan Documents and no event has occurred and is continuing which could constitute a Default under any Loan Document. Borrower has filed all required federal, state and local tax returns and has paid all taxes due pursuant to such returns or any assessments against Borrower or the Property.

8.15 No Broker or Finder. Neither Borrower, nor anyone on behalf thereof, has dealt with any broker, finder or other person or entity who or which may be entitled to a broker's or finder's fee, or other compensation, payable by Lender in connection with this Loan.

8.16 Background Information and Certificates. All of the factual information contained or referred to in Section 1 of this Agreement and in the Exhibits to this Agreement or the other Loan Documents, and in the certificates and opinions furnished to Lender by or on behalf of Borrower in connection with the Property or the Loan, is true, accurate and complete in all material respects, and omits no material fact necessary to make the same not misleading.

8.17 Reserved.

8.18 Indemnitee's Warranties and Representations. Borrower has no reason to believe that any warranties or representations made in writing by any Indemnitee to Lender are untrue, incomplete or misleading in any respect.

8.19 Condemnation/Casualty. There are no condemnation proceedings or the like pending or, to the Borrower's best knowledge, threatened in writing against the Property or any portion thereof nor has there occurred any casualty at the Property.

8.20 Other Indebtedness. Borrower has no financial obligation under any indenture, debt instrument, mortgage, deed of trust, loan agreement or the like other than such indebtedness arising under the Loan Documents or Permitted Additional Debt.

8.21 Special Assessments. Except as may be set forth in the Title Policy, as of the date hereof there are no pending, or to the Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Property.

8.22 Subsidiaries. Borrower has and will have no subsidiaries.

8.23 Solvency. Neither Borrower nor any Indemnitor is insolvent and neither Borrower nor any Indemnitor will be rendered insolvent by the transaction contemplated under the Loan Documents.

8.24 Flood Zone. No portion of the Property is located in any special flood hazard area designated as such by any Governmental Authority.

8.25 Compliance with Anti-Terrorism, Embargo, Sanctions and Anti-Money Laundering Laws. (a) Borrower, Borrower's principals, and Affiliates, and (b) to the best of Borrower's knowledge, after having made diligent inquiry, each Person owning an indirect interest of 20% or more in Borrower: (1) is not currently identified on OFAC List, (2) is not a person with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, and (3) is not in violation of any Legal Requirements relating to terrorism or money laundering. Borrower has implemented procedures, and will consistently apply those procedures throughout the term of the Loan, to ensure the foregoing representations and warranties remain true and correct during the term of the Loan.

8.26 General. Borrower has disclosed all material facts and conditions which are necessary to make the representations and warranties set forth herein or in any other Loan Document not materially misleading.

8.27 Use of Property. The Property will be used exclusively as an office building.

9. COVENANTS. Borrower covenants and agrees that from the date hereof and so long as any indebtedness remains unpaid hereunder, or any of the Loan or other Obligations remains outstanding, as follows:

9.1 Notices. Borrower shall, with reasonable promptness, but in all events within three (3) days after it has actual knowledge thereof, notify Lender in writing of the occurrence of any act, event or condition which constitutes a Default under any of the Loan Documents. Such notification shall include a written statement of any remedial or curative actions which Borrower proposes to undertake to cure or remedy such Default. Borrower shall promptly notify Lender in writing of (i) any material litigation which is not covered by insurance and (ii) of any other litigation against Borrower or the Property in which the amount in controversy exceeds \$500,000.

9.2 Financial Statements and Reports. Borrower shall keep adequate records and books of account in accordance with generally accepted accounting principles. Borrower shall cause Unitil Corporation to furnish or cause to be furnished to Lender from time to time, all financial statements and reports and other information, all in form, manner of presentation and substance acceptable to Lender that are required to be delivered pursuant to Sections 6.01 and 6.02 of the Unitil Revolving Credit Agreement. If Unitil Corporation terminates the Unitil Revolving Credit Agreement or if Lender is no longer a lender party thereto for any reason, Borrower shall furnish or cause to be furnished to Lender on or before April 30 of each year, annual financial statements of Borrower in form and substance acceptable to Lender.

9.3 Payment of Taxes and Other Obligations. Subject to the right to contest set forth in Section 10.1, Borrower shall duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments and other governmental charges payable by it, or with respect to the Property, as well as all claims or obligations for labor, materials, supplies or services or for borrowed funds in any amount.

9.4 Conduct of Business; Compliance With Law. Borrower shall engage solely in the ownership and operation of the Property, and will not enter into any new ventures, or undertake any Investments, except as permitted in Section 9.8, or any new business dealings, without Lender's express prior written consent in each instance. Borrower shall operate the Property and conduct its affairs in a lawful manner and in compliance with all Legal Requirements (including without limitation, Access Laws (as defined in the Mortgage) applicable thereto and all provisions of ERISA.

9.5 Insurance. Borrower shall at all times maintain in full force and effect the insurance coverages set forth in Exhibit D of this Loan Agreement and shall cause Lender to be designated as mortgagee/loss payee/additional insured in accordance with the requirements of Exhibit D. Without limiting the generality of the insurance requirements set forth on Exhibit D, either (i) the casualty and property insurance policy required hereunder shall specifically cover insured losses as defined in the Terrorism Risk Insurance Act of 2002 (hereinafter referred to as "TRIA"), whether or not TRIA remains in force and effect, or (ii) excess coverage with respect to such insured losses shall be provided, which excess coverage must be in an amount, from an insurer, and in accordance with the terms and conditions acceptable to Lender. The Borrower agrees not to decline coverage for such insured losses offered in accordance with TRIA with any casualty and property insurance policy obtained or renewed by the Borrower without the prior written consent of the Lender. All insurance premiums shall be paid annually, in advance, and Lender shall be provided with evidence of such prepayment of insurance premiums prior to closing and thereafter at least thirty (30) days prior to each annual renewal or replacement of such coverages.

9.6 Restrictions on Liens, Transfers and Additional Debt.

9.6.1 Prohibited Transactions. Except for Permitted Transactions Borrower shall not:

- (i) create or incur, or suffer to be created or incurred, or to exist, any encumbrance, mortgage, pledge, lien, charge or other security interest of any kind upon the Property (or any portion thereof) and/or any of its assets of any character related to the Property, or any portion thereof, whether now owned or hereafter acquired or upon the proceeds or products thereof;

(ii) create or incur any indebtedness for borrowed funds with respect to the Property whether secured or unsecured either directly or as a guarantor except for the Loan;

(iii) directly or indirectly permit any sale, transfer, exchange, assignment, lien, charge or pledge of or grant of any security interest in any direct or indirect ownership interests in Borrower; or

(iv) sell, convey, transfer, assign or exchange the Property (or any portion thereof) and/or any of its assets of any character related to the Property, or any portion thereof, whether now owned or hereafter acquired.

(v) engage in any Division Series Transaction.

9.6.2 Permitted Transactions. The term “**Permitted Transactions**” means Permitted Transfers, Permitted Additional Debt, Permitted Encumbrances and Approved Leases provided that Permitted Transactions shall in no event be deemed to permit any Division Series Transaction.

9.6.3 Permitted Transfers. The term “**Permitted Transfers**” shall mean:

(i) the Security Documents and other agreements in favor of Lender;

(ii) transactions, whether outright or as security, for which Lender’s prior written consent has been obtained (which include without limitation borrowings under the Unitil Revolving Credit Agreement), which consent may be withheld, granted or granted conditionally, subject to such protective and other conditions as Lender may require in its sole and absolute discretion; and

(iii) sales or dispositions in the ordinary course of business of worn, obsolete or damaged items of personal property or fixtures which are suitably replaced.

9.6.4 Permitted Additional Debt. The term “**Permitted Additional Debt**” shall mean:

(i) transactions, whether secured or unsecured, for which Lender’s prior written consent has been obtained, which consent may be withheld, granted or granted conditionally subject to such protective and other conditions as Lender may require in its sole and absolute discretion; and

(ii) indebtedness incurred in the ordinary course of business for the purchase of goods or services which are unsecured and payable, without interest, within thirty (30) days of billing and not evidenced by a promissory note or similar instrument.



9.6.5 Additional Funds. All funds required for the operation of the Property in excess of those available from ordinary cash flow of the Property shall be provided by Borrower, or its owners, as additional equity contributions or by Permitted Additional Debt.

9.6.6 Right to Accelerate Loan. The Loan shall become due and payable in full, and the Lender shall have the right to accelerate the Loan and declare an Event of Default, at the option of Lender, upon any breach or violation of the provisions of Section 9.6.

9.6.7 Lender's Options. Lender may, at its option, in lieu of accelerating the Loan, and in its sole and absolute discretion, agree to waive compliance with the provisions of this Section 9.6. in any instance upon compliance with such terms and conditions as Lender may impose, including, without limitation, the payment of a material fee and a change in the interest rate and other terms. Except for Permitted Transfers which do not require the consent of Lender, Lender may grant or withhold, or conditionally grant, its consent to any proposed transfer in its sole and absolute discretion. In the case of a sale or transfer with Lender's prior written consent, or any such Permitted Transfer, the seller or transferor shall remain jointly and severally liable with the purchaser or transferee for all liabilities of Borrower or its owners hereunder.

9.7 Reserved.

9.8 Reserved.

9.9 Indemnification Against Payment of Brokers' Fees. Borrower agrees to defend, indemnify and save harmless Lender from and against any and all liabilities, damages, penalties, costs, and expenses, relating in any manner to any brokerage or finder's fees in respect of the Loan.

9.10 Limitations On Certain Transactions. Borrower agrees to the following limitations:

9.10.1 No Merger or Acquisition. Borrower shall not dissolve or liquidate, nor, without the prior written consent of Lender, merge or consolidate with or otherwise acquire all or substantially all of the assets of any other entity or engage in any Division Series Transaction.

9.10.2 Contracts of a Material or Significant Nature. Borrower shall not, without the prior written consent of Lender, enter into any merger or consolidation agreements or engage in any Division Series Transaction.

9.11 Reserved.

9.12 Deposit of Proceeds; Other Bank Accounts.

9.12.1 Deposit Account. Borrower shall establish and maintain a demand (checking) account with Lender for purposes of this Section. The following account(s) have been opened for the purpose of creating a depository account for the Property: Account No. 9247256632 at TD Bank, N.A. in the name of Unital Realty Corp. (or such other account maintained by Borrower at TD Bank, N.A. as Borrower shall designate by written notice to Lender) (the “**Deposit Account**”). Borrower hereby authorizes Lender, on or after the date when any amount (including, without limitation, any Expenses) becomes due under the Note, the Mortgage, this Agreement or any other Loan Document, (the “**Charge Date**”) to charge the Deposit Account, or any other deposit account of Borrower at Lender, to satisfy all amounts due under this Agreement, the Note or the other Loan Documents. If any Charge Date shall fall on a Saturday, Sunday or legal holiday, then the Lender reserves the right to charge the Deposit Account on either the first (1st) Business Day immediately preceding or the first (1st) Business Day immediately following any such Charge Date until the Obligations shall be paid in full. Borrower agrees to have sufficient collected funds in the Deposit Account to enable Lender to charge such Deposit Account for each payment due under the Loan Documents on the due date thereof. The failure of Lender to so charge such account due to insufficient funds in such Deposit Account shall not affect or limit Borrower’s obligation to make any required payment under the Loan Documents. If sufficient funds are not available in the Deposit Account on any Charge Date to pay the amounts then due and payable, Lender, in its sole discretion, is authorized to: (a) charge the Deposit Account and/or such other account(s) for such lesser amount as shall then be available; and/or (b) charge the Deposit Account and/or such other account(s) on such later date or dates that funds shall be available in the Deposit Account and/or such other account(s) to satisfy the payment then due (or balance of such payment then due). Notwithstanding the foregoing, Borrower shall only be entitled to receive credit in respect of any payments due for funds actually received by Lender as a result of any such charges to the Deposit Account and such other account(s). Borrower shall be liable to Lender for any late fees or interest at the Default Rate on any payments not made on a timely basis by Borrower because of insufficient funds in the Deposit Account on any Charge Date. In the event the Deposit Account continues to contain insufficient funds to fully satisfy the payments due Lender under the Note or any other Loan Document, Borrower shall be responsible for making all such payments from another source and in no event shall the obligations of Borrower under the Note or any other Loan Document be affected or diminished as a result of any shortages in the Deposit Account, it being understood and agreed that Borrower shall at all times remain liable for payment in full of all indebtedness under the Note and the other Loan Documents.

9.12.2 Charge Discontinuation. Lender may, at Lender’s sole discretion, discontinue charging the Deposit Account at any time on not less than ten (10) days’ written notice to the Borrower, in which event, Borrower shall thereafter be responsible for making all payments under the Loan Documents to Lender at the address set forth in Lender’s notice or if no such address is given, then to Lender at **P.O. Box 5600, Lewiston, Maine, 04243-5600.**

9.12.3 Security Interest. The Borrower and each endorser of the Note grant to the Lender, for itself and as agent for any Affiliate Counterparty or other Affiliate of Lender holding any Obligations, a continuing lien on and security interest in any and all deposits or other sums at any time credited by or due from the Lender or any Affiliate Counterparty or other Affiliate of Lender to the Borrower and/or each endorser of the Note and any cash, securities, instruments, or other property of the Borrower and each endorser of the Note in the possession of the Lender or any Affiliate Counterparty or other Affiliate of Lender whether for safekeeping or otherwise, or in transit to or from the Lender or any Affiliate Counterparty or other Affiliate of Lender (regardless of the reason the Lender or any Affiliate Counterparty or other Affiliate of Lender had received the same or whether the Lender or any Affiliate Counterparty or other Affiliate of Lender has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower and/or the endorser of the Note to the Lender or any Affiliate Counterparty or other Affiliate of Lender and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower or any endorser of the Note to the Lender or any Affiliate Counterparty or other Affiliate of Lender at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Lender or any Affiliate Counterparty or other Affiliate of Lender.

9.13 Place for Records; Inspection. Borrower shall maintain all of its business records at the address specified at the beginning of this Agreement. Upon reasonable notice and at reasonable times during normal business hours Lender shall have the right (through such agents or Consultants as Lender may designate) to visit and inspect the Property, to examine Borrower's property and make copies of and abstracts from Borrower's books of account, correspondence and other records and to discuss its financial and other affairs with any of its owners and any accountants hired by Borrower, it being agreed that Lender shall use reasonable efforts to not divulge information obtained from such examination to others except in connection with Legal Requirements and in connection with administering the Loan, enforcing its rights and remedies under the Loan Documents and in the conduct, operation and regulation of its banking and lending business (which may include, without limitation, the transfer of the Loan or of participation interests therein). Any transferee of the Loan or any holder of a participation interest in the Loan shall be entitled to deal with such information in the same manner and in connection with any subsequent transfer of its interest in the Loan or of further participation interests therein.

9.14 Costs and Expenses. Borrower shall pay all costs and expenses (excluding salaries or wages of full time employees of Lender) of any nature incurred by Lender at any time and from time to time in connection with the implementation of the Loan, the administration of the Loan, the negotiation or entering into of any "workout" of the Loan, any modification of the Loan, the exercise or enforcement of Lender's (or any Affiliate

Counterparty's) powers, rights and/or remedies under the Loan Documents, or any Hedging Contract including, without limitation, outside legal counsel fees and disbursements, allocated costs of in-house legal counsel, accounting fees, consulting fees, brokerage fees, appraisal fees, inspection fees, plan review fees, travel costs, fees and out-of-pocket costs of independent engineers and consultants, court costs, receiver's fees, management fees and costs incurred in the repair, maintenance and operation of, taking possession of or selling all or any part of the Property, all filing, registration or recording fees, taxes and other charges, and all costs and expenses incident to the execution, acknowledgment, delivery and recording and/or filing of the Mortgage, any other Loan Documents or any Hedging Contract, any mortgage supplemental hereto or thereto, any security instrument with respect to the Collateral, and any instrument of further assurance, and all Federal, state, county and municipal stamp taxes and other taxes, duties, impositions, assessments and charges arising out of or in connection with the execution and delivery of the Mortgage, any other Loan Documents or any mortgage supplemental hereto or thereto, any security instrument with respect to any other Collateral, any other Loan Document or any instrument of further assurance, and any costs and expenses required to be paid under this Agreement, the Mortgage or any other Loan Document or any Hedging Contract (collectively, "**Expenses**"). Borrower's obligations to pay Expenses shall include, without limitation, all reasonable attorneys' fees and other costs and expenses reasonably incurred for preparing and conducting litigation or dispute resolution arising from any breach by Borrower or Indemnitor of any covenant, warranty, representation or agreement under any one or more of the Loan Documents or any Hedging Contract, including, without limitation, in connection with any bankruptcy, insolvency, reorganization, liquidation or similar debtor relief event, action or proceeding and any claim of the Lender or against the Lender filed in connection therewith.

9.15 Compliance with Legal Requirements; Zoning. Borrower shall comply with all Legal Requirements applicable to the Property, Borrower, or both. Borrower shall not, without the Lender's prior consent, seek, make, suffer, consent to or acquiesce in any change or variance in any zoning or land use laws or other conditions of current use of the Property or any portion thereof in any way that would have a material adverse effect on the current operation and use of the Property. Borrower shall not use or permit the use of any portion of the Property in any manner that could result in such use becoming a legal non-conforming use (to the extent the Property is not a legal non-conforming use as of the date of this Agreement) under any zoning or land use law or any other applicable law or modify any agreements in any material respect relating to zoning or land use matters or relating to the joinder or merger of lots for zoning, land use or other purposes, without the prior written consent of the Lender, not to be unreasonably withheld, conditioned, or delayed. Without limiting the foregoing, in no event shall Borrower take any action that would reduce or impair either (a) the number of parking spaces at the Improvements or (b) access to the Property from adjacent public roads. Further, without the Lender's prior written consent, Borrower shall not file or subject any part of the Property to any declaration of condominium or co-operative or convert any part of the Property to a condominium, co-operative or other direct or indirect form of multiple ownership and governance.

9.16 **Indemnification.** Borrower shall at all times, both before and after repayment of the Loan and Hedging Obligations, at its sole cost and expense defend, indemnify, exonerate and save harmless Lender, any Affiliate Counterparty and any other Affiliate of Lender and all those claiming by, through or under Lender, any Affiliate Counterparty and/or any other Affiliate of Lender (each an “**Indemnified Party**”) against and from all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind whatsoever, including, without limitation, reasonable attorneys’ fees and experts’ fees and disbursements, which may at any time (including, without limitation, before or after discharge or foreclosure of the Mortgage) be imposed upon, incurred by or asserted or awarded against any Indemnified Party and arising from or out of:

(i) any Hazardous Materials or any violation of, or failure to comply with, any Environmental Legal Requirements all as more particularly provided for in the Environmental Indemnity with respect to the Property or any other Collateral;

(ii) any liability for damage to person or property arising out of any violation of any Legal Requirement applicable to the Property, Borrower, or both,

(iii) any act, omission, negligence or conduct at the Property, or arising or claimed to have arisen, out of any act, omission, negligence or conduct of Borrower or any contractor, sub-contractor, tenant, occupant, invitee or Affiliate thereof, which is in any way related to the Property; or

(iv) any liability, loss, damage and expense, including reasonable attorneys’ fees, which it may or shall incur (or be imposed upon) by reason of the execution of this Agreement and any other Loan Document and any Hedging Contract, the making of the Loan and/or any commercially reasonable action taken in good faith by Lender hereunder or under the other Loan Documents, or by any Affiliate Counterparty under any Hedging Contract including, without limitation, the exercise of the Lender’s rights and remedies under the Loan Documents, or any Affiliate Counterparty’s rights and remedies under any Hedging Contract .

Notwithstanding the foregoing, an Indemnified Party shall not be entitled to indemnification in respect of claims arising from acts of its own gross negligence or willful misconduct to the extent that such gross negligence or willful misconduct is determined by the final judgment of a court of competent jurisdiction, not subject to further appeal, in proceedings to which such Indemnified Party is a proper party.

## 9.17 Leasing Matters.

9.17.1 Lender's Further Approval Required. Borrower shall be at liberty to modify, amend or terminate existing leases, or enter into new leases, of premises within the Property on commercially reasonable terms and conditions, except that without Lender's prior written consent in each instance: (i) no lease or leases involving more than fifty percent (50%) of the rentable space at the Property in the aggregate shall be terminated except for material breach of a tenant's monetary obligation, and (ii) no existing lease shall be modified or amended, and no new lease shall be entered into, on terms and conditions which are materially less favorable than those set forth in the approved existing Lease. Lender shall not unreasonably withhold, delay or condition its consent to any such requested termination or deviation so long as the request is consistent with then existing market conditions. Lender shall be provided, within ten (10) Business Days following execution thereof, with a full and complete copy of each permitted lease and any amendment or modification thereof. Any lease, or modification or amendment of lease, which has been so approved by Lender, and, if so requested by Lender as to which the tenant has executed an SNDA Agreement, estoppel certificate, or both, acceptable to Lender, and any lease, or modification or amendment of lease which does not require Lender's approval, shall be an "**Approved Lease**".

9.17.2 Borrower's Requests Any request by Borrower for an approval from Lender with respect to leasing matters shall be accompanied, at a minimum, by the following: (i) the proposed lease or amendment or modification thereof complete with all applicable schedules and exhibits; (ii) a complete copy of any proposed guaranty; (iii) comprehensive financial information with respect to the proposed tenant, sub-tenant or assignee and, if applicable, the proposed guarantor (as to new leases or amendments or modifications to existing leases involving material economic changes, and as to proposed sub-lets or assignments); (iv) a brief written summary of the proposed permitted uses and a discussion of how such uses relate to other tenancies then existing at the Property; (v) an executive summary of the terms and conditions of the proposed lease, sub-lease or assignment, and, if applicable, the proposed guaranty; and (vi) an executive summary of the facts and conditions relating to any proposed termination of lease.

9.17.3 Lender Response Lender shall act on requests from Borrower for any approval under Section 9.17 in a commercially reasonable manner and shall use commercially reasonable efforts to respond to any such request within twenty-five (25) days following Lender's receipt thereof. Lender's response may consist of an approval or disapproval of the request, or a conditional approval thereof subject to specified conditions, or a request for further data or information, or any combination thereof. In order to expedite the processing of requests for such approvals, Borrower agrees to provide Lender with as much advance information as is possible in a commercially reasonable manner in advance of Borrower's formal request for an approval.

9.17.4 SNDAs and Estoppels. Lender shall have the right to require each tenant to execute and deliver to Lender a subordination, non-disturbance of possession and attornment agreement ("**SNDA Agreement**") in form, content and manner of execution acceptable to Lender and, from time to time, an estoppel certificate in form and manner of execution acceptable to Lender.

9.18 Reserved.

9.19 Springing Debt Service Coverage Ratio. If the Unitil Revolving Credit Agreement is terminated by Unitil Corporation or if Lender is no longer a lender party to such Unitil Revolving Credit Agreement for any reason, then Borrower shall maintain a Debt Service Coverage Ratio (as hereinafter defined) of not less than 1.15 to 1.0, which covenant shall be tested annually on a trailing twelve month basis at the end of each fiscal year of Borrower. As used herein, Debt Service Coverage Ratio shall mean the sum of (a) Borrower's earnings before interest, taxes, depreciation and amortization, minus cash taxes, minus distributions, divided by (b) all scheduled principal and interest on all debt for the period being tested.

9.20 Replacement Documentation. Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other security document, Borrower will issue, in lieu thereof, a replacement Note or other security document in the same principal amount thereof and otherwise of like tenor.

9.21 Reserved.

9.22 Compliance with Anti-Terrorism, Embargo, Sanctions and Anti-Money Laundering Laws. Borrower shall comply with all Legal Requirements relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect. Borrower shall not use the proceeds of the Loan in any manner that will violate the United States Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or the United States Anti-Terrorism Order or any United States enabling legislation or executive order relating to any of the same. Without limiting the foregoing, Borrower, Borrower's principals, constituents, investors and Affiliates (a) will not permit itself to become a blocked person described in Section 1 of the United States Anti-Terrorism Order; and (b) will not (i) conduct any business or engage in any transaction or dealing with any blocked person, including the making or receiving any contribution of funds, goods or services to or for the benefit of any blocked person; (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224, the USA Patriot Act (the "**Patriot Act**") or any other Legal Requirements relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect. No Person owning an interest in Borrower, directly or indirectly, shall be a blocked person at any time. Upon Lender's request from time to time during the term of the Loan, Borrower shall certify in writing to Lender that Borrower's representations, warranties, covenants and obligations under Section 8.26 and this Section 9.22 remain true and correct and have not been breached. Borrower shall immediately notify Lender in writing if any of such representations, warranties or covenants are no longer true or have been breached or if Borrower has a reasonable

basis to believe that they may no longer be true or have been breached. In connection with such an event, Borrower shall comply with all Legal Requirements and directives of governmental authorities and, at Lender's request, provide to Lender copies of all notices, reports and other communications exchanged with, or received from, governmental authorities relating to such an event. Borrower shall also reimburse Lender any expenses incurred by Lender in evaluating the effect of such an event on the Loan and Lender's interest in the collateral for the Loan, in obtaining any necessary license from governmental authorities as may be necessary for Lender to enforce its rights under the Loan Documents, and in complying with all Legal Requirements applicable to Lender as the result of the existence of such an event and for any penalties or fines imposed upon Lender as a result thereof.

## 10. SPECIAL PROVISIONS.

### 10.1 Right to Contest.

10.1.1 Taxes and Claims by Third Parties. Notwithstanding the provisions of Section 9.3 which obligate Borrower to pay taxes and other obligations to third parties when due, it is agreed that any tax, assessment, charge, levy, claim or obligation to a third party (expressly excluding an obligation created under the Loan Documents) need not be paid while the validity or amount thereof shall be contested currently, diligently and in good faith by appropriate proceedings and if Borrower shall have adequate unencumbered (except in favor of Lender) cash reserves with respect thereto, and provided that (a) such contest does not create a default by landlord under any lease assigned to Lender, (b) there is no reason to believe that the contest will not be resolved prior to the Maturity Date, and (c) no Event of Default exists; and provided, further, that Borrower shall pay all taxes, assessments, charges, penalties, interest, levies or obligations: (i) immediately upon the commencement of proceedings to enforce any lien which may have attached as security therefor, unless such proceeding is stayed by proper court order pending the outcome of such contest; and (ii) as to claims for labor, materials or supplies, prior to the imposition of any lien on the Property unless the lien is discharged or bonded as set forth in Section 11.1.4.

10.1.2 Legal Requirements. Borrower may contest any claim, demand, levy or assessment under any Legal Requirements by any person or entity if: (i) the contest is based upon a material question of law or fact raised by Borrower in good faith; (ii) Borrower properly commences and thereafter diligently pursues the contest; (iii) the contest will not materially impair the ability to ultimately comply with the contested Legal Requirement should the contest not be successful and the conduct of the contest will not materially interfere with the ability to obligate all tenants under Approved Leases to pay rent without offset; (iv) Borrower demonstrates to Lender's reasonable satisfaction that Borrower has the financial capability to undertake and pay for such contest and any corrective or remedial action then or thereafter reasonably likely to be necessary; (v) if the likely cost of complying with the Legal Requirement in the event the contest is not successfully resolved, as determined in good faith by Lender, is more than \$500,000, there is



no reason to believe that the contest will not be resolved prior to the Maturity Date; (vi) no Event of Default exists; and (vii) if the contest relates to an Environmental Legal Requirement, in addition to the foregoing conditions, the contest will not materially impair the taking of any required remedial action.

11. **EVENTS OF DEFAULT.** The following provisions deal with Default, Events of Default, notice, grace and cure periods, and certain rights of Lender following an Event of Default.

11.1 **Default and Events of Default.** The term “**Default**” as used herein or in any of the other Loan Documents means an Event of Default, or any fact or circumstance which constitutes, or upon the lapse of time, or giving of notice, or both, could constitute, an Event of Default. Each of the following events, unless cured within any applicable grace period set forth or referred to below in this Section 11.1, or in Section 11.2, shall constitute an “**Event of Default**”:

11.1.1 **Generally.** A default by Borrower in the performance of any term, provision or condition of this Agreement to be performed by Borrower, or a breach, or other failure to satisfy, any other term, provision, condition, covenant or warranty under this Agreement and such default remains uncured beyond any applicable specific grace period provided for in this Agreement, or as set forth in Section 11.2 below;

11.1.2 **Note, Mortgage and Other Loan Documents and Hedging Contracts; Payment Default.** A default by Borrower in the performance of any term or provision of the Note, or of the Mortgage, or of any of the other Loan Documents, or of any Hedging Contract or a breach, or other failure to satisfy, any other term, provision, condition, representation or warranty under the Note, the Mortgage or any other Loan Document or of any Hedging Contract, regardless of whether the then undisbursed portion, if any, of the Loan is sufficient to cover any payment of money required thereby, and the specific grace period, if any, allowed for the default in question shall have expired without such default having been cured;

11.1.3 **Financial Status and Insolvency.**

A. Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act; (iii) make an assignment for the benefit of creditors; (iv) consent to, or acquiesce in, the appointment of a receiver, liquidator or trustee of itself or of the whole or any substantial part of its properties or assets; (v) file a petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law; (vi) have a court of competent jurisdiction enter an order, judgment or decree appointing a receiver, liquidator or trustee of Borrower, or of the whole or any substantial part of the property or assets of Borrower, and such order, judgment or decree shall remain unvacated or not set aside or unstayed for fifteen (15) days; (vii) have a petition filed against it seeking reorganization,

arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law and such petition shall remain undismissed for fifteen (15) days; (viii) have, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assume custody or control of Borrower or of the whole or any substantial part of its property or assets and such custody or control shall remain unterminated or unstayed for fifteen (15) days; (ix) have an attachment or execution levied against any substantial portion of the property of Borrower or against any portion of the Collateral which is not discharged or dissolved by a bond within fifteen (15) days; or (x) cease any material portion of its business operations as presently conducted; or

- B. any such event occurs with respect to a space tenant occupying more than 25,000 rentable square feet (“**Major Tenant**”), or if the lease of a Major Tenant is terminated for default, or if the lease of a Major Tenant is rejected or terminated in any bankruptcy or reorganization proceedings and, in any of such instances, Borrower shall not have obtained a replacement tenant or tenants, having a financial condition not less favorable than the original tenant at the time the lease was approved or deemed approved, pursuant to an executed lease or leases acceptable to Lender as provided in Section 9.17. within three (3) months after notice from Lender or rejection or termination in bankruptcy or reorganization proceedings, as the case may be.

11.1.4 Liens. A lien for the performance of work, or the supply of materials, or a notice of contract, or an attachment, judgment, execution or levy is filed against the Land or the Improvements and remains unsatisfied or is not discharged or dissolved by a bond (or by cash collateral acceptable to Lender) for a period of five (5) days after the filing thereof.

11.1.5 Trustee Process. A writ or other process naming Lender as trustee for any assets of Borrower is served upon the Lender.

11.1.6 Breach of Representation or Warranty. Any statement, representation or warranty made by Borrower herein or in any other instrument or document relating to the Loan or any Hedging Contract or the Property shall at any time be determined by Lender to be false or misleading in any material respect when made, or any warranty shall be materially breached, or Borrower commits fraud.

11.1.7 Default Under Assigned Contract or Lease. Borrower defaults under any material lease of the Property or under any contract assigned to Lender and such default is not cured within the grace period applicable thereto such that the tenant or contracting party obtains the right to terminate the contract or lease or to claim material damages.

11.1.8 Other Agreements with Lender and Affiliates. Borrower breaches or violates the terms of, or if a default (and expiration of any applicable cure period), or an “Event of Default” or “Termination Event”, occurs under, any Hedging Contract or any other existing or future agreement (related or unrelated) between Borrower and Lender and/or any Affiliate Counterparty or other Affiliate of Lender.

11.1.9 Agreements with Others. Borrower defaults beyond any (i) grace period in the payment of principal or interest of any indebtedness of Borrower (other than to Lender or any Affiliate Counterparty or other Affiliate of Lender) in excess of Five Hundred Thousand Dollars (\$500,000) in the aggregate; or (ii) if Borrower otherwise defaults under the terms of any such indebtedness if the effect of such default is to enable the holder of such indebtedness to accelerate the payment of Borrower’s obligations, which are the subject thereof, prior to the maturity date or prior to the regularly scheduled date of payment.

11.1.10 Reserved.

11.1.11 Default – Unitil Revolving Credit Agreement. A default by Unitil Corporation in the payment or performance of any term or provision of the Unitil Revolving Credit Agreement or in any related loan document to which Unitil Corporation is a party, or the breach, or any other failure to satisfy any other term, provision, condition or warranty imposed upon Unitil Corporation in the Unitil Revolving Credit Agreement or in any of the related loan documents to which Unitil Corporation is a party or by which Unitil Corporation is bound.

11.1.12 Invalidity of Loan Documents. A final nonappealable judgment is entered finding that the Loan Documents or any Hedging Contract are invalid or unenforceable or if Borrower or any of the Borrower Parties, in any judicial or quasi-judicial case, action or proceeding directly or indirectly contests the validity or enforceability of the Loan Documents or any Hedging Contract or takes any action, directly or indirectly, that contests or hinders, delays, obstructs or interferes with the pursuit of any rights or remedies by Lender (including the commencement and/or prosecution of a foreclosure action, judicial or non-judicial, the appointment of a receiver for the Property or any portion thereof, the right to take possession of the Collateral or any portion thereof or any enforcement of the terms of the Assignment of Leases and Rents) after an Event of Default.

11.1.13 Judgment. A judgment for the payment of money involving more than \$500,000 is entered against Borrower and Borrower fails to discharge the same, or fails to cause it to be discharged or bonded off to Lender’s reasonable satisfaction, within thirty (30) days from the date of the entry of such judgment.

11.1.14 Material Adverse Change. The existence or occurrence at any time of one or more conditions or events or there is any change in Borrower’s financial condition which, in Lender’s sole opinion, has or would be reasonably likely to have a Material Adverse Effect.

11.2 Grace Periods and Notice. As to each of the foregoing events the following provisions relating to grace periods and notice shall apply:

11.2.1 No Notice or Grace Period. There shall be no grace period and no notice provision with respect to:

- A. nonpayment of interest, and installments of principal prior to maturity, when due;
- B. nonpayment of principal at maturity;
- C. nonpayment of any other monetary obligations hereunder, under any other Loan Documents or any Hedging Contract when due;
- D. defaults under Sections 11.1.3 (Financial Status and Insolvency), 11.1.4 (Liens), 11.1.6 (Breach of Representation or Warranty), 11.1.8 (Other Agreements with Lender and Affiliates), 11.1.9 (Agreements with Others), 11.1.11 (Default—Unitil Revolving Credit Agreement), 11.1.12 (Invalidity of Loan Documents), or 11.1.13 (Judgment);
- E. nonmonetary defaults which are not reasonably capable of being cured; and
- F. breaches or defaults under Section 9.6 (Restrictions on Liens, Transfers and Additional Debt), and Section 9.19 (Springing Debt Service Coverage Ratio) if in effect.

11.2.2 Nonmonetary Defaults Capable of Cure. As to nonmonetary defaults which are reasonably capable of being cured or remedied, unless there is a specific shorter or longer grace period provided for in this Loan Agreement or in another Loan Document, there shall be a fifteen (15) day grace period following notice from Lender. However, where there is an emergency situation in which there is danger to person or property such curative action shall be commenced as promptly as possible.

11.3 Certain Lender Remedies. If an Event of Default shall occur:

11.3.1 Accelerate Debt. Lender may accelerate and declare the Obligations and indebtedness evidenced by the Note and secured by the Mortgage immediately due and payable (provided that, in the case of a voluntary petition in bankruptcy filed by Borrower or (after the expiration of the grace period, if any, set forth in Section 11.1.3 above) an involuntary petition in bankruptcy filed against Borrower, such acceleration shall be automatic); and

11.3.2 Pursue Remedies. Lender may pursue any and all remedies provided for hereunder, or under any one or more of the other Loan Documents.

11.3.3 Hedging Contracts. Lender or any Affiliate Counterparty or any other Affiliate of Lender may pursue any and all remedies provided for under any Hedging Contract.

11.4 Written Waivers. If a Default or an Event of Default is waived by Lender, in its sole discretion, pursuant to a specific written instrument executed by an authorized officer of Lender, the Default or Event of Default so waived shall be deemed to have never occurred.

## 12. ADDITIONAL REMEDIES OF LENDER.

12.1 Remedies. Upon the occurrence of an Event of Default, whether or not the Obligations and the indebtedness evidenced by the Note and secured by the Mortgage shall be due and payable or Lender shall have instituted any foreclosure or other action for the enforcement of the Mortgage or the Note, Lender may, in addition to any other remedies which Lender may have hereunder or under the other Loan Documents, and not in limitation thereof, and in Lender's sole and absolute discretion:

12.1.1 Enter and Perform. Enter upon the Property to perform obligations under leases, or to operate, maintain, repair and improve the Property and employ watchmen to protect the Property, all at the risk, cost and expense of Borrower, consent to such entry being hereby given by Borrower;

12.1.2 Discontinue Work. At any time discontinue any work commenced in respect of the Property or change any course of action undertaken by it and not be bound by any limitations or requirements of time whether set forth herein or otherwise;

12.1.3 Exercise Rights. Exercise the rights of Borrower under any contract or other agreement in any way relating to the Property and take over and use all or any part of the labor, materials, supplies and equipment contracted for by Borrower, whether or not previously incorporated into the realty; and

12.1.4 Other Actions. In connection with any work or action undertaken by Lender pursuant to the provisions of the Loan Documents,

(i) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment,

(ii) pay, settle or compromise all bills or claims which may become liens against the property constituting the Collateral, or which have been or may be incurred in any manner in connection with the Property or for the discharge of liens, encumbrances or defects in the title of the Property or the Collateral,

(iii) take or refrain from taking such action hereunder as Lender may from time to time determine, and

(iv) engage marketing and leasing agents and real estate brokers to advertise, lease or sell portions or all of the Property or other Collateral upon such terms and conditions as Lender may in good faith determine.

12.2 Reimbursement. Borrower shall be liable to Lender for all sums paid or incurred pursuant to any of the Loan Documents whether the same shall be paid or incurred pursuant to this section or otherwise, and all payments made or liabilities incurred by Lender hereunder of any kind whatsoever shall be paid by Borrower to Lender upon demand with interest at the Default Rate as provided in this Agreement or the Note from the date of payment by Lender to the date of payment to Lender and repayment of such sums with such interest shall be secured by the applicable Security Documents.

12.3 Power of Attorney. For the purpose of exercising the rights granted by this Section 12, as well as any and all other rights and remedies of Lender, Borrower hereby irrevocably constitutes and appoints Lender (or any agent designated by Lender) its true and lawful attorney-in-fact, upon and following any Event of Default, to execute, acknowledge and deliver any instruments and to do and perform any acts permitted hereunder or by law in the name and on behalf of Borrower.

### 13. SECURITY INTEREST AND SET-OFF.

13.1 Security Interest. Borrower hereby grants to Lender for itself and as agent for any Affiliate Counterparty or other Affiliate holding any Obligations, a lien, security interest and right of setoff, as security for all Obligations, and all other obligations and liabilities to Lender, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Lender or any entity under the control of TD Bank US Holdings Company, or in transit to any of them; provided, however, that in no event shall any lien be granted hereunder in respect of any Hedging Obligations to the extent that the Person granting such lien is not an "eligible contract participant" as defined in the Commodities Exchange Act and the regulations thereunder.

13.2 Set-Off and Debit. (i) If any payment is not made when due under any of the Loan Documents, after giving regard to applicable grace periods, if any, or (ii) if any Event of Default or other event which would entitle Lender to accelerate the Loan occurs, or (iii) at any time, whether or not any Default or Event of Default exists in the event any attachment, trustee process, garnishment, or other levy or lien is, or is sought to be, imposed on any property of Borrower; then, in any such event, any such deposits, balances or other sums credited by or due from Lender, or from any Affiliate Counterparty or other Affiliate of Lender, to Borrower may to the fullest extent not prohibited by applicable law at any time or from time to time, without regard to the existence, sufficiency or adequacy of any other collateral, and without notice or compliance with any other condition precedent now or hereafter imposed by statute, rule of law or otherwise, all of which are hereby waived, be set off, debited and appropriated, and applied by Lender

against any or all of Borrower's Obligations irrespective of whether demand shall have been made and although such Obligations may be unmatured, in such manner as Lender in its sole and absolute discretion may determine. Within five (5) Business Days of making any such set off, debit or appropriation and application, Lender agrees to notify Borrower thereof, provided the failure to give such notice shall not affect the validity of such set off, debit or appropriation and application. ANY AND ALL RIGHTS TO REQUIRE LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LOAN, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

13.3 Right to Freeze. Lender shall also have the right, at its option, upon the occurrence of any event which would entitle Lender to set off or debit as set forth in Section 13.2, to freeze, block or segregate any such deposits, balances and other sums so that Borrower may not access, control or draw upon the same.

13.4 Additional Rights. The rights of Lender and each Affiliate Counterparty and any other Affiliate of Lender under this Section 13 are in addition to, and not in limitation of, other rights and remedies, including other rights of set off, which Lender or any Affiliate Counterparty and any other Affiliate of Lender may have.

13.5 Keepwell. Borrower hereby absolutely and unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each guarantor (if any) to honor all of its obligations under any guaranty in respect of any Hedging Obligations (provided that the obligations of the Borrower hereunder shall be up to the maximum amount of such liability that can be incurred without rendering its obligations hereunder or otherwise voidable under applicable law relating to fraudulent conveyance or fraudulent transfer and not for any greater amount). The Borrower intends that this Section 13.5 constitutes, and this Section 13.5 shall be deemed to constitute, a "keepwell, support or other agreement" for the benefit of each guarantor (if any) for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act and all regulations thereunder.

#### 14. CASUALTY AND TAKING.

14.1 Casualty and Obligation To Repair. In the event of any damage or destruction to the Property or the other Collateral by reason of fire or other hazard or casualty in excess of Fifty Thousand Dollars (\$50,000) (collectively, a "**Casualty**"), Borrower shall give immediate written notice thereof to Lender and proceed with reasonable diligence, in full compliance with all Legal Requirements and the other requirements of the Loan Documents, to repair, restore, rebuild or replace the affected property (collectively, the "**Repair Work**").

14.2 Adjustment of Claims. All insurance claims shall be adjusted by Borrower, at Borrower's sole cost and expense, but subject to Lender's prior written approval which approval shall not be unreasonably withheld; provided that if any Default exists under any of the Loan Documents, Lender shall have the right to adjust and compromise such claims without the approval of Borrower.

14.3 Payment and Application of Insurance Proceeds. All proceeds of insurance shall be paid to Lender and, at Lender's option, be applied to Borrower's Obligations or released, in whole or in part, to pay for the actual cost of repair, restoration, rebuilding or replacement (collectively, "**Cost To Repair**"). In the event any such insurance proceeds shall be used to reduce the Obligations, the same shall be applied by Lender, after the deduction therefrom and repayment to Lender of any and all costs incurred by Lender in the recovery thereof (including reasonable attorneys' fees and disbursements), in any manner it shall designate, including but not limited to, the application of such proceeds to the then unpaid installments of the principal balance due under the Note in the inverse order of their maturity, such that the regular payments, if any, under the Note shall not be reduced or altered in any manner. Any prepayment of the Note from the proceeds of insurance shall be without prepayment premium. If the Cost To Repair does not exceed \$500,000, Lender shall release so much of the insurance proceeds as may be required to pay for the actual Cost To Repair in accordance with the provisions of Section 14.4. Notwithstanding the foregoing, Lender shall also release so much of the insurance proceeds as may be required to pay for the actual Cost To Repair if:

- (i) in Lender's good faith judgment such proceeds together with any additional funds as may be deposited with and pledged to Lender are sufficient to pay for the Cost To Repair;
- (ii) in Lender's good faith judgment the Repair Work is likely to be completed prior to the Maturity Date; and
- (iii) no Default exists under the Loan Documents.

14.4 Conditions To Release of Insurance Proceeds. If Lender elects or is required to release insurance proceeds, Lender may impose reasonable conditions on such release which shall include, but not be limited to, the following:

- (i) Prior written approval by Lender, which approval shall not be unreasonably withheld or delayed of plans, specifications, cost estimates, contracts and bonds for the restoration or repair of the loss or damage;
- (ii) Waivers of liens (including, without limitation, with respect to any liens or instruments under the New Hampshire Mechanic's Lien Statute), architect's certificates, contractor's sworn statements and other evidence of costs, payments and completion as Lender may reasonably require;
- (iii) If the Cost To Repair does not exceed \$500,000, the funds to pay therefor shall be released to Borrower. Otherwise, funds shall be released upon final completion of the Repair Work, unless Borrower requests earlier funding, in which event partial monthly disbursements equal to 90% of the value of the work completed shall be made prior to final completion of the repair, restoration or replacement and the balance of the disbursements shall be made upon full completion and the receipt by Lender of satisfactory evidence of payment and release of all liens;



(iv) Determination by Lender that the undisbursed balance of such proceeds on deposit with Lender, together with additional funds deposited for the purpose by Borrower, shall be at least sufficient to pay for the remaining Cost To Repair, free and clear of all liens and claims for lien;

(v) All work to comply with the standards, quality of construction and Legal Requirements applicable to the original construction of the Property; and

(vi) the absence of any Default under any Loan Documents.

#### 14.5 Taking.

14.5.1 Notice of Taking. Borrower, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Property or any part thereof, will notify Lender of the pendency of such proceedings. Lender (i) may participate in any such proceedings and Borrower from time to time will deliver to Lender all instruments requested by it to permit such participation, and (ii) may be represented by counsel selected by Lender (at Borrower's expense).

14.5.2 Assignment/ Payment of Award. Any award or compensation payable has been assigned under the Mortgage by Borrower to Lender and shall be paid to Lender; and Borrower, upon request by Lender, shall make, execute and deliver any and all instruments requested for the purpose of confirming the assignment of the aforesaid awards and compensation to Lender free and clear of any liens, charges or encumbrances of any kind or nature whatsoever. Lender shall be under no obligation to question or challenge the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid.

14.5.3 Application of Proceeds. The proceeds of any award or compensation so received shall, at the option of Lender, either be applied toward the payment of the Obligations notwithstanding the fact that the Obligations may not then be due and payable, and/or to the restoration of the Improvements (in the case of a partial taking or temporary condemnation that affects the Improvements in such a way that restoration is required to such Improvements) in accordance with Section 14.4 of the Loan Agreement. In the event that any portion of the condemnation awards or compensation shall be used to reduce the Obligations, the same shall be applied by Lender in any manner it shall designate, in its discretion, including but not limited to, application of such award or compensation to the then unpaid installments of the principal balance due under the Note in the inverse order of their maturity such that the regular payments under the Note shall not be reduced or altered in any manner. Lender shall not be limited to the interest paid on the proceeds of any award or compensation, but shall be entitled to the payment by Borrower of interest at the applicable rate provided for in the Note.

15. GENERAL PROVISIONS.

15.1 Notices. Any notice or other communication in connection with this Loan Agreement, the Note, the Mortgage, or any of the other Loan Documents, shall be in writing, and (i) deposited in the United States Mail, postage prepaid, by registered or certified mail, or (ii) hand delivered by any commercially recognized courier service or overnight delivery service such as Federal Express, addressed:

If to Lender:

TD Bank, N.A.  
300 Franklin Street  
Manchester, New Hampshire 03101  
Attention: Timothy J. Whitaker, Director

If to Borrower:

Unitil Realty Corp.  
6 Liberty Lane West  
Hampton, New Hampshire 03842  
Attention: Todd R. Diggins, Treasurer

Any such addressee may change its address for such notices to such other address in the United States as such addressee shall have specified by written notice given as set forth above. All periods of notice shall be measured from the deemed date of delivery. Lender shall be fully entitled to rely upon any facsimile or other electronic transmission or other writing purported to be sent by any Authorized Representative as being genuine and authorized.

A notice shall be deemed to have been given, delivered and received for the purposes of all Loan Documents upon the earliest of: (i) if sent by such certified or registered mail, on the third Business Day following the date of postmark, or (ii) if hand delivered at the specified address by such courier or overnight delivery service, when so delivered or tendered for delivery during customary business hours on a Business Day, or (iii) if so mailed, on the date of actual receipt as evidenced by the return receipt, or (iv) if so delivered, upon actual receipt.

15.2 Limitations on Assignment. Borrower may not assign this Agreement or the monies due thereunder or convey or, except for a Permitted Transaction, encumber the Property or other Collateral or any interest therein without the prior written consent of Lender in each instance.

15.3 Further Assurances. Borrower shall upon request from Lender from time to time execute, seal, acknowledge and deliver such further instruments or documents which Lender may reasonably require to better perfect and confirm its rights and remedies hereunder, under the Note, under the Mortgage and under each of the other Loan Documents.

15.4 Parties Bound The provisions of this Agreement and of each of the other Loan Documents shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns, except as otherwise prohibited by this Agreement or any of the other Loan Documents.

This Agreement is a contract by and between Borrower and Lender for their mutual benefit, and no third person shall have any right, claim or interest against either Lender or Borrower by virtue of any provision hereof.

15.5 Waivers, Extensions and Releases. Lender may at any time and from time to time waive any one or more of the conditions contained herein or in any of the other Loan Documents, or extend the time of payment of the Loan, or release portions of the Collateral from the provisions of this Agreement and from the Mortgage or any other Security Document, but any such waiver, extension or release shall be deemed to be made in pursuance and not in modification hereof, and any such waiver in any instance, or under any particular circumstance, shall not be considered a waiver of such condition in any other instance or any other circumstance.

15.6 Governing Law; Consent to Jurisdiction; Mutual Waiver of Jury Trial.

15.6.1 Substantial Relationship. It is understood and agreed that all of the Loan Documents were negotiated, executed and delivered in the State of New Hampshire, which State the parties agree has a substantial relationship to the parties and to the underlying transactions embodied by the Loan Documents.

15.6.2 Place of Delivery. Borrower agrees to furnish to Lender at the Lender's office in Manchester, New Hampshire all further instruments, certifications and documents to be furnished hereunder.

15.6.3 Governing Law. This Agreement and each of the other Loan Documents shall in all respects be governed, construed, applied and enforced in accordance with the internal laws of the State of New Hampshire without regard to principles of conflicts of law.

15.6.4 Consent to Jurisdiction. Borrower hereby consents to personal jurisdiction in any state or Federal court located within the State of New Hampshire. BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS LOAN AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW HAMPSHIRE OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON BORROWER BY MAIL AT THE ADDRESS SET FORTH IN THIS LOAN AGREEMENT. BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

15.6.5 Jury Trial Waiver. BORROWER AND LENDER MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS LOAN AGREEMENT, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR BORROWER AND LENDER TO ENTER INTO THE TRANSACTIONS CONTEMPLATED HEREBY.

15.7 Survival. All representations, warranties, covenants and agreements of Borrower herein or in any other Loan Document, or in any notice, certificate, or other paper delivered by or on behalf of Borrower pursuant hereto are significant and shall be deemed to have been relied upon by Lender notwithstanding any investigation made by Lender or on its behalf and shall survive the delivery of the Loan Documents and the making of the Loan and each advance pursuant thereto. No review or approval by Lender, or by its Consultants or representatives, of any plans and specifications, opinion letters, certificates by professionals or other item of any nature shall relieve Borrower or anyone else of any of the obligations, warranties or representations made by or on behalf of Borrower under any one or more of the Loan Documents.

15.8 Cumulative Rights. All of the rights of Lender hereunder and under each of the other Loan Documents and any other agreement now or hereafter executed in connection herewith or therewith, shall be cumulative and may be exercised singly, together, or in such combination as Lender may determine in its sole good faith judgment.

#### 15.9 Claims Against Lender.

15.9.1 Borrower Must Notify. Lender shall not be in default under this Agreement, or under any other Loan Document, unless a written notice specifically setting forth the claim of Borrower shall have been given to Lender within thirty (30) days after Borrower first had actual knowledge or actual notice of the occurrence of the event which Borrower alleges gave rise to such claim and Lender does not remedy or cure the default, if any there be, with reasonable promptness thereafter. Such actual knowledge or actual notice shall refer to what was actually known by, or expressed in a written notification furnished to, any of the persons or officials referred to in Exhibit C as Authorized Representatives.

15.9.2 Remedies. If it is determined by the final order of a court of competent jurisdiction, which is not subject to further appeal, that Lender has breached any of its obligations under the Loan Documents and has not remedied or cured the same with reasonable promptness following notice thereof, Lender's responsibilities shall be limited to: (i) where the breach consists of the failure to

grant consent or give approval in violation of the terms and requirements of a Loan Document, the obligation to grant such consent or give such approval and to pay Borrower's reasonable costs and expenses including, without limitation, reasonable attorneys' fees and disbursements in connection with such court proceedings; and (ii) the case of any such failure to grant such consent or give such approval, or in the case of any other such default by Lender, where it is also so determined that Lender acted in bad faith, or that Lender's default constituted gross negligence or willful misconduct, the payment of any actual, direct, compensatory damages sustained by Borrower as a result thereof plus Borrower's reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements in connection with such court proceedings.

15.9.3 Limitations. In no event, however, shall Lender be liable to Borrower or anyone else for other damages such as, but not limited to, indirect, speculative or punitive damages whatever the nature of the breach by Lender of its obligations under this Loan Agreement or under any of the other Loan Documents. In no event shall Lender be liable to Borrower or anyone else unless a written notice specifically setting forth the claim of Borrower shall have been given to Lender within the time period specified above.

15.10 Obligations Absolute. Except to the extent prohibited by applicable law which cannot be waived, the Obligations of Borrower under the Loan Documents shall be joint and several, absolute, unconditional and irrevocable and shall be paid strictly in accordance with the terms of the Loan Documents under all circumstances whatsoever, including, without limitation, the existence of any claim, set off, defense or other right which Borrower may have at any time against Lender whether in connection with the Loan or any unrelated transaction, except for any such claim, setoff, defense or other right, if any, as to which a written notice shall have been given to Lender in accordance with the provisions of Section 15.9.

15.11 Table of Contents, Title and Headings. Any Table of Contents, the titles and the headings of sections are not parts of this Loan Agreement or any other Loan Document and shall not be deemed to affect the meaning or construction of any of their provisions.

15.12 Counterparts. This Loan Agreement may be executed in several counterparts, each of which when executed and delivered is an original, but all of which together shall constitute one instrument. In making proof of this agreement, it shall not be necessary to produce or account for more than one such counterpart which is executed by the party against whom enforcement of such loan agreement is sought. The parties acknowledge and agree that this document and any related documents, and any amendments or waivers hereto or thereto, may be executed and delivered by facsimile, electronic copies in portable document format ("**PDF**") or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means or by any digital or electronic signature process or program, and that any signature so delivered shall be treated as and have the same force and effect as an original signature, and copies of the same may be used and introduced as

evidence at any legal proceedings including, without limitation, trials and arbitrations, relating to or arising under this document. Notwithstanding the foregoing, Lender may, in its sole and exclusive discretion, also require delivery of this document and any related documents, and any amendments or waivers hereto or thereto, with an original signature for its records.

15.13 Reserved.

15.14 Right to Sell. Lender shall have the unrestricted right at any time or from time to time, and without Borrower's consent, to transfer and/or assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions or entities (each, an "**Assignee**"), and Borrower agrees that it shall execute, or cause to be executed, such documents, including without limitation, amendments to this Agreement and to any other documents, instruments and agreements executed in connection herewith as Lender shall deem necessary to effect the foregoing. In addition, at the request of Lender and any such Assignee, Borrower shall issue one or more new promissory notes, as applicable, to any such Assignee and, if Lender has retained any of its rights and obligations hereunder following such assignment, to Lender, which new promissory notes shall be issued in replacement of, but not in discharge of, the liability evidenced by the Note held by Lender prior to such assignment and shall reflect the amount of the respective commitments and loans held by such Assignee and Lender after giving effect to such assignment. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by Lender in connection with such assignment, and the payment by Assignee of the purchase price agreed to by Lender, and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of Lender hereunder (and under any and all other guaranties, documents, instruments and agreements executed in connection herewith) to the extent that such rights and obligations have been assigned by Lender pursuant to the assignment documentation between Lender and such Assignee, and Lender shall be released from its obligations hereunder and thereunder to a corresponding extent.

15.15 Right to Participate. Lender reserves the right to transfer, assign and/or grant participation interests in the Loan, but no such transfer, assignment or grant of participation interests shall affect or limit the rights and obligations of Lender, Borrower as set forth in the Loan Agreement. Lender may disclose to, or share with, any actual or prospective Assignee, transferee or participant all information, including, but not limited to, financial information, in Lender's possession regarding the Loan, Borrower, or the Property.

15.16 Pledge by the Lender. The Lender may at any time pledge all or any portion of its interest and rights under this Agreement and the other Loan Documents (including all or any portion of the Note) to any of the twelve (12) Federal Reserve Banks organized under §4 of the Federal Reserve Act, 12 U.S.C. §341. No such pledge or the enforcement thereof shall release the Lender from its obligations hereunder or under any of the other Loan Documents.

15.17 Time Of the Essence. Time is of the essence of each provision of this Agreement and each other Loan Document.

15.18 No Oral Change. (a) This Agreement and each of the Loan Documents is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Agreement and the other Loan Documents; all prior or contemporaneous promises, agreements, and understandings, whether oral or written, are deemed to be superseded by this Agreement and each of the other Loan Documents, and no party is relying on any promise, agreement or understanding not set forth in this Agreement or any of the other Loan Documents; (b) This Loan Agreement and each of the other Loan Documents may only be amended, terminated, extended or otherwise modified by a writing signed by the party against which enforcement is sought (except no such writing shall be required for any party which, pursuant to a specific provision of any Loan Document, is required to be bound by changes without such party's assent); in no event shall any oral agreements, promises, actions, inactions, knowledge, course of conduct, course of dealings or the like be effective to amend, terminate, extend or otherwise modify this Loan Agreement or any of the other Loan Documents and (c) Any amendment, waiver or consent with respect to this Loan Agreement or any of the other Loan Documents that (i) amends or modifies this Section 15.18, (ii) except to the extent that Lender is similarly adversely impacted, modifies any other provision of this Loan Agreement or other Loan Document in a manner that adversely impacts the rights of an Affiliate Counterparty: (x) with respect to the priority hereunder or thereunder of any security for any Hedging Obligations (including, without limitation, the definitions of Affiliate Counterparty, Obligations, Hedging Contract and Hedging Obligations, or (y) as an indemnitee hereunder or thereunder; or (iii) imposes any additional obligations of an Affiliate Counterparty, in each case under this Section 15.18(c) shall, in addition to the consent of the Lender, require the consent of any Affiliate Counterparty.

15.19 Monthly Statements. While Lender may issue invoices or other statements on a monthly or periodic basis (a "**Statement**"), it is expressly acknowledged and agreed that: (i) the failure of Lender to issue any Statement on one or more occasions shall not affect Borrower's obligations to make payments under the Loan Documents as and when due; (ii) the inaccuracy of any Statement shall not be binding upon Lender and so Borrower shall always remain obligated to pay the full amount(s) required under the Loan Documents as and when due notwithstanding any provision to the contrary contained in any Statement; (iii) all Statements are issued for information purposes only and shall never constitute any type of offer, acceptance, modification, or waiver of the Loan Documents or any of Lender's rights or remedies thereunder; and (iv) in no event shall any Statement serve as the basis for, or a component of, any course of dealing, course of conduct, or trade practice which would modify, alter, or otherwise affect the express written terms of the Loan Documents.

15.20 USA Patriot Act. Lender is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56) (signed into law October 26, 2001)) (the "**Act**") and hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow Lender to identify the Borrower in accordance with the Act.

15.21 Severability. The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

**Borrower and Lender explicitly consent to the electronic delivery of the terms of the transaction evidenced by this agreement. Borrower and Lender agree that their present intent to be bound by this agreement may be evidenced by transmission of digital images of signed signature pages via facsimile, email, SMS or other digital transmission and affirms that such transmission indicates a present intent to be bound by the terms of the agreement and is deemed to be valid execution and delivery as though an original ink or electronic signature. Borrower shall deliver original executed signature pages to Lender, but any failure to do so shall not affect the enforceability of this agreement. An electronic image of this agreement (including signature pages) shall be as effective as an original for all purposes.**

[remainder of page intentionally left blank]



IN WITNESS WHEREOF this Agreement has been duly executed and delivered as a sealed instrument as of the day and year first above written.

**BORROWER:**

UNITIL REALTY CORP.

By: /s/ Todd R. Diggins  
Name: Todd R. Diggins  
Title: Treasurer

**LENDER:**

TD BANK, N.A.

By: /s/ Timothy J. Whitaker  
Name: Timothy J. Whitaker  
Title: Director

[Signature Page to Loan Agreement]

EXHIBITS:

		Section Reference Number	
Exhibit A	-	Definitions	1.1
Exhibit B	-	Ownership Interests and Taxpayer Identification Numbers	8.10.2
Exhibit C	-	Authorized Representatives	4 and 15.9.1
Exhibit D	-	Required Hazard Property and Other Insurance	7.13 and 9.5

EXHIBIT A TO LOAN AGREEMENT

DEFINITIONS

Affiliate means with respect to any Person, (a) any Person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such Person, or (b) any Person who is a director or officer (i) of such Person, (ii) of any subsidiary of such Person, or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person means the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Affiliate Counterparty means a Person who is an Affiliate of the Lender at the time such Person entered into any Hedging Contract.

Agreement as defined in the Preamble.

Approved Lease as defined in Section 9.17.1.

Assignment of Leases and Rents as defined in Section 3.1.2.

Authorized Representatives as defined in Section 4 and listed on Exhibit C.

Borrower as defined in the Preamble.

Business Day shall mean any day of the year on which offices of TD Bank, N.A. are not required or authorized by law to be closed for business in Concord, New Hampshire. If any day on which a payment is due is not a Business Day, then the payment shall be due on the next day following which is a Business Day. Further, if there is no corresponding day for a payment in the given calendar month (i.e., there is no "February 30th"), the payment shall be due on the last Business Day of the calendar month.

Capital Stock means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all other ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

Casualty as defined in Section 14.1.

Charge Date as defined in Section 9.12.

Collateral as defined in Section 7.5.

Commodity Exchange Act means the Commodity Exchange Act (7 U.S.C Section 1 et seq.) as amended from time to time and any successor statute.

Consultant as defined in Section 5.1.

Cost To Repair as defined in Section 14.3.

Default as defined in Section 11.1.

Default Rate as defined in the Note.

Deposit Account as defined in Section 9.12.

Division Series Transaction means with respect to Borrower, any transaction event or occurrence pursuant to which Borrower (a) divides into two or more Persons (whether or not the original Borrower survives such division) or (b) creates or reorganizes into one or more series in each case as contemplated under the laws of any jurisdiction.

Dollars means lawful money of the United States.

Environmental Indemnity as defined in Section 3.1.5.

Environmental Laws as defined in the Environmental Indemnity.

ERISA and ERISA Plan each as defined in Section 8.12.

Event of Default as defined in Section 11.1.

Expenses as defined in Section 9.14

Governmental Authority means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

Hazardous Substances shall have the meaning set forth in the Environmental Indemnity.

Hedging Contract means each ISDA Master Agreement and schedules and related confirmation and/or any other documents, instruments, or agreements executed to further evidence or secure the Hedging Obligations as the same may be hereafter amended, restated, renewed, replaced, supplemented or otherwise modified from time to time.

Hedging Obligations means all obligations of Borrower to Lender or any Affiliate Counterparty or any other Affiliate of Lender under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act and shall include without limitation, any interest rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions, currency options or similar agreements including, without limitation, the Hedging Contracts.

Improvements as defined in Section 1.3.

Indemnified Party as defined in Section 9.16.

Indemnitor as defined in Section 3.1.3.

Investment means the acquisition of any real or tangible personal property or of any stock or other security, any loan, advance, bank deposit, money market fund, contribution to capital, extension of credit (except for accounts receivable arising in the ordinary course of business and payable in accordance with customary terms), or purchase or commitment or option to purchase or otherwise acquire real estate or tangible personal property or stock or other securities of any party or any part of the business or assets comprising such business, or any part thereof.

Land as defined in Section 1.3.

Legal Requirements means all applicable federal, state, county and local laws, by-laws, rules, regulations, codes and ordinances, and the requirements of any governmental agency or authority having or claiming jurisdiction with respect thereto, including, but not limited to, those applicable to taxation, zoning, subdivision, building, health, fire, safety, sanitation, the protection of the handicapped (including, without limitation, Access Laws (as defined in the Mortgage)), and environmental matters and shall also include all orders and directives of any court, governmental agency or authority having or claiming jurisdiction with respect thereto.

Lender as defined in the Preamble.

Licenses and Permits means all licenses, permits, authorizations and agreements issued by or agreed to by any governmental authority, or by a private party pursuant to a Permitted Encumbrance, and including, but not limited to, building permits, occupancy permits and such special permits, variances and other relief as may be required pursuant to Legal Requirements which may be applicable to the Property.

Loan as defined in Section 1.4.

Loan Agreement as defined in the Preamble.

Loan Documents as defined in Section 3.2.

MAI means Member of the Appraisers Institute.

Major Lease means the lease or occupancy agreement of a Major Tenant.

Major Tenant as defined in Section 11.1.3.B.

Material Adverse Effect means (a) a material adverse effect with respect to (i) the business, assets, properties, financial condition, stockholders' equity, contingent liabilities, prospects, material agreements or results of operations of Borrower, (ii) Borrower's ability to pay and perform the Obligations in accordance with the terms hereof, the other Loan Documents and any Hedging Contracts, or (iii) the validity or enforceability of this Agreement or any of the other Loan Documents or any Hedging Contract or the rights and remedies, liens, security interests or collateral of Lender hereunder or thereunder; or (b) Borrower becoming subject to any Division Series Transaction.

Maturity means the Maturity Date or, upon acceleration of the Loan, if the Loan has been accelerated by Lender upon an Event of Default.

Maturity Date as defined in Section 2.2.

Mortgage as defined in Section 3.1.1.

New Hampshire Mechanic's Lien Statute means Chapter 447 of the New Hampshire Revised Statutes Annotated, as amended and in effect from time to time.

Note as defined in Section 3.2.

Obligations means the payment of the entire principal of the Note and the interest, Hedging Obligations and any and all other sums payable, and all other monetary and non-monetary obligations and liabilities of Borrower to Lender, any Affiliate Counterparty and/or any other Affiliate of Lender, under the Note, the Mortgage, any other Loan Documents and any Hedging Contract as well as, without limitation, all loans, advances, indebtedness, notes, liabilities, corporate and commercial credit card advances, deposit account overdrafts, lockbox, cash management, or other services (including electronic funds transfers and automated clearing house transactions) and all other amounts, in each case, liquidated or unliquidated, owing by Borrower to Lender, any Affiliate Counterparty or any other Affiliate of Lender any time, of each and every kind, nature and description, whether arising under this Agreement or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by Borrower to Lender, any Affiliate Counterparty or any other Affiliate of Lender; or are due indirectly by Borrower to Lender or any Affiliate of Lender as endorser, guarantor or other surety, or as borrower of obligations due third persons which have been endorsed or assigned to Lender, any Affiliate Counterparty or any other Affiliate of Lender, or otherwise), absolute or contingent, due or to become due, now existing or hereafter arising or contracted, including, without limitation, payment when due of all amounts outstanding respecting any of the Loan Documents or any Hedging Contract, and the performance and observance of all the other provisions hereof and of the Note, the other Loan Documents and any Hedging Contract.

OFAC List means the list of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control ("OFAC") pursuant to any of the rules and

regulations of OFAC or pursuant to any Legal Requirements, including, without limitation, trade embargo, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States or pursuant to OFAC implemented regulation. The OFAC List currently is accessible through the internet website [www.treas.gov](http://www.treas.gov).

Other Hedging Contract means any ISDA Master Agreement and schedules and related confirmation any other documents, instruments, or agreements executed to evidence or secure interest rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions, currency options or similar agreements between Borrower and a Person other than Lender (or any Affiliate Counterparty or any other Affiliate of Lender).

Permitted Additional Debt as defined in Section 9.6.4.

Permitted Encumbrances as defined in the Mortgage.

Permitted Transactions as defined in Section 9.6.2.

Permitted Transfers as defined in Section 9.6.3.

Person means an individual, a partnership, a corporation, a limited liability company, a corporation, a business trust, a joint stock company, a trust, an unincorporated association, a Governmental Authority or any other entity of whatever nature (including, without limitation, a joint venture).

Property as defined in Section 1.3.

Registered Land Surveyor means a land surveyor or engineer licensed as such in the jurisdiction where the Property is situated.

Repair Work as defined in Section 14.1.

Reportable Event as defined in Section 8.12.

Security as defined in Section 3.1.

Security Documents as defined in Section 3.2.

Statement as defined in Section 15.19.

SNDA Agreement as defined in Section 9.17.4.

TRIA as defined in Section 9.5.

UCC means the Uniform Commercial Code in effect in the State of New Hampshire.

EXHIBIT B TO LOAN AGREEMENT

OWNERSHIP INTERESTS AND  
TAXPAYER IDENTIFICATION NUMBERS

Ownership Interests:

Stockholders:

Unitil Realty Corp. is a wholly owned subsidiary of Unitil Corporation, which holds 100% of Unitil Realty Corp's issued and outstanding common stock. There is no preferred stock authorized or outstanding.

Taxpayer Identification Number:

02-0407239



EXHIBIT C TO LOAN AGREEMENT

AUTHORIZED REPRESENTATIVES

**UNITIL REALTY CORP.  
AUTHORIZED REPRESENTATIVES**

NAME

John R. Closson

Daniel J. Hurstak

Todd R. Diggins

Sandra L. Whitney

TITLE

President

Vice President & Controller

Treasurer

Secretary

EXHIBIT D TO LOAN AGREEMENT

REQUIRED PROPERTY, HAZARD AND OTHER INSURANCE

Borrower shall at all times provide and maintain the following insurance coverages with respect to the Property and the Collateral issued by companies qualified to do business in the State of New Hampshire [or other applicable jurisdictions], having an AM Best's Rating of not less than A and otherwise acceptable to Lender in its sole discretion:

- (i) property damage insurance on an all-risk basis including vandalism and malicious mischief, earthquake, flood, collapse, boiler explosion, sprinkler coverage, cost of demolition, increased costs of construction and the value of the undamaged portion of the building) covering all the building(s) including contents, fixtures and personal property located on the Property to the extent of the full insurable value thereof, on a replacement cost basis including agreed amount/waiver of coinsurance endorsements (with deductibles not in excess of \$100,000). Certain coverages may be subject to sublimits and annual aggregate limitations less than the full replacement value of the building(s) including contents and personal property located on the Property in accordance with customary industry practice for such exposures;
- (ii) liability insurance, with underlying and umbrella coverages totaling not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate or such other amounts as may be determined by Lender from time to time;
- (iii) automobile liability insurance (including non-owned automobile) with a coverage of \$1,000,000 per occurrence during construction;
- (iv) worker's compensation, employer's liability and other insurance required by law;
- (v) such other insurance coverages in such amounts as Lender may request in consultation with Borrower, consistent with the customary practices of prudent developers and owners of similar properties.

A certificate of insurance or other evidence of property coverage in the form of Acord 27 (Evidence of Property Coverage), Acord 25 (Certificate of Insurance), or a 30-day binder (with proof of payment) in form acceptable to Lender, shall be delivered at closing of the Loan, prior to the first advance of the Loan and upon each renewal or replacement of such insurance. Notwithstanding the foregoing, an actual insurance policy or certified copy thereof is required for flood insurance, if building(s) is located in a "Special Flood Hazard Area" (Flood Zones A or V).

Flood insurance shall be provided if the property or the collateral is located in a flood prone, flood risk or flood hazard area as designated pursuant to the Federal Flood Disaster Protection Act of 1973, as amended, and the Regulations thereunder, or if otherwise reasonably required by Lender.

Lender shall be named as lender loss payee on policies of property damage/all-risk insurance for the building(s) including contents and personal property located on the Property.

With respect to liability insurance, the Lender shall be named as an additional insured with respect to the Property or the Collateral.

The property damage/all-risk insurance shall have a so-called "Mortgagee's endorsement" or "Lender's loss-payable endorsement" which shall provide in substance as follows:

- A. Loss or damage, if any, under the policy shall be paid to Lender and its successors and assigns (which shall be collectively referred to herein as "**Lender**") in whatever form or capacity its interest may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- B. The insurance under the policy, or under any rider or endorsement attached thereto, as to the interest only of Lender, its successors and assigns, shall not be invalidated nor suspended:
  - (a) by any error, omission or change respecting the ownership, description, possession or location of the subject of the insurance or the interests therein or the title thereto; or
  - (b) by the commencement of foreclosure or similar proceedings or the giving of notice of sale of any of the property covered by the policy by virtue of any mortgage, deed of trust, or security interest; or
  - (c) by any breach of warranty, act, omission, neglect, or noncompliance with any provisions of the policy by the named insured, or anyone else, whether before or after a loss, which under the provisions of the policy of insurance, would invalidate or suspend the insurance as to the named insured, excluding, however, any acts or omissions of Lender while exercising active control and management of the insured property.
- C. Insurer shall provide Lender with not less than thirty (30) days' prior written notice of cancellation of the policy (for non-payment or any other reason) or of the non-renewal thereof.
- D. The insurer reserves the right to cancel the policy at any time, but only as provided by its terms. However, in such case the policy shall continue in force for the benefit of Lender for thirty (30) days after written notice of such cancellation is received by Lender and shall then cease.

- E. Should legal title to and beneficial ownership of any of the property covered under the policy become vested in Lender or its agents, successors or assigns, insurance under the policy shall continue for the term thereof for the benefit of Lender.
- F. All notices herein provided to be given by the insurer to Lender in connection with this policy and Lender's loss payable endorsement shall be mailed to or delivered to Lender by certified or registered mail, return receipt requested, as follows:

TD Bank, N.A., ISAOA, ATIMA  
ME2-003-028  
32 Chestnut Street  
Lewiston, Maine 04240  
Attention:

**MORTGAGE AND SECURITY AGREEMENT**

Dated: December 18, 2020

from

**UNITIL REALTY CORP.**, Mortgagor

a New Hampshire corporation,  
having an office at:  
6 Liberty Lane West  
Hampton, New Hampshire 03842

to

**TD BANK, N.A., Mortgagee**  
a national banking association  
having an office at:  
300 Franklin Street  
Manchester, New Hampshire 03101

This document serves as a Fixture Filing under the  
New Hampshire Uniform Commercial Code.

LOCATION OF PROPERTY:

Street Address : 6 Liberty Lane West  
City/Town : Hampton  
County : Rockingham  
State : New Hampshire

**MORTGAGE AND SECURITY AGREEMENT** (the “**Mortgage**”), dated as of December 18, 2020, given by UNITIL REALTY CORP., a New Hampshire corporation, having an address at 6 Liberty Lane West, Hampton, New Hampshire 03842 (“**Mortgagor**”), in favor of TD BANK, N.A., a national banking association, having an office at 300 Franklin Street, Manchester, New Hampshire 03842 (“**Mortgagee**”).

**W I T N E S S E T H:**

**WHEREAS**, Mortgagor is the owner of, that certain parcel of real property commonly known as 6 Liberty Lane West, located in the Town of Hampton, County of Rockingham, New Hampshire, as more particularly described in Schedule A attached hereto and made a part hereof;

**WHEREAS**, concurrently herewith, Mortgagor is borrowing from Mortgagee the principal sum of \$4,720,000 (the “**Mortgage Amount**”) and, in connection therewith, Mortgagor has executed and delivered to Mortgagee that certain (a) Mortgage Loan Note, dated of even date herewith, made by Mortgagor, as borrower, in favor of Mortgagee, as lender, in the original principal amount of \$4,720,000 (such Mortgage Loan **Note**, as the same may be hereafter amended, modified, restated, renewed, replaced, supplemented or extended, being hereinafter called the “**Note**”) and (b) Loan Agreement, dated of even date herewith, between Mortgagor and Mortgagee (as the same may be hereafter amended, modified, restated, renewed, replaced, supplemented or extended being hereinafter called the “**Loan Agreement**”), which Note and Loan Agreement evidence certain indebtedness and other obligations of Mortgagor to Mortgagee; and

**WHEREAS**, to secure the payment of the indebtedness and other amounts under the Note and the Loan Agreement in the Mortgage Amount, together with interest thereon at the interest rate or rates set forth in the Note, and together with any other sums that may become due and payable hereunder or under the Note, the Loan Agreement or the other Loan Documents and under any Hedging Contract (as hereinafter defined), and to secure the performance by Mortgagor of its obligations hereunder, under the Note, the Loan Agreement and the other Loan Documents and any Hedging Contract, and all other Obligations (as hereinafter defined), Mortgagor has agreed to execute and deliver this Mortgage to Mortgagee.

**Certain Definitions**

As used in this Mortgage, unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and to the plural forms of such terms.

“**Affiliate**” shall have the meaning set forth in the Loan Agreement.

“**Affiliate Counterparty**” shall have the meaning set forth in the Loan Agreement.

**“Agreements”** shall mean all agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications, warranties, guarantees, and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or respecting any business or activity conducted at the Property or any part thereof, or relating to any of the Chattels, and all right, title and interest of Mortgagor therein and thereunder, including, without limitation, the right, upon the happening of an Event of Default hereunder, to receive and collect any sums payable to Mortgagor thereunder.

**“Chattels”** shall mean the Equipment, the Fixtures, the Personal Property and all other assets of Mortgagor.

**“Claim”** shall mean any action, claim, counterclaim, cross-claim, cause of action, suit, liability, demand, loss, expense, penalty, fine, judgment or other cost of any kind or nature whatsoever, including, without limitation, all fees, costs and expenses incurred in connection therewith of attorneys, consultants, contractors and experts.

**“Code”** shall mean the Uniform Commercial Code in effect in the State, as amended from time to time.

**“Default Rate”** shall have the meaning set forth in the Note.

**“Easements”** shall mean all easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights, mineral rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and/or the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interest, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Land and/or the Improvements and every part and parcel thereof, with the appurtenances thereto.

**“Equipment”** shall mean all **“equipment,”** as such term is defined in Article 9 of the Code, now owned or hereafter acquired by Mortgagor, which is used at or in connection with the Improvements or the Land or is located thereon or therein (including, but not limited to, all machinery, equipment, furnishing, and electronic data-processing and other office equipment now owned or hereafter acquired by Mortgagor and any and all additions, substitutions and replacements of any of the foregoing), together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto. Notwithstanding the foregoing, Equipment shall not include any property belonging to tenants under leases at the Property, except to the extent that Mortgagor shall have any rights or interest therein.

**“Events of Default”** shall mean the events and circumstances described as such in Section 2.01 hereof.

**“Expenses”** shall have the meaning set forth in the Loan Agreement.

**“Fixtures”** shall mean all Equipment now owned, or the ownership of which is hereafter acquired, by Mortgagor which is so related to the Land and/or Improvements that it is deemed fixtures or real property under the law of the particular state in which the Equipment is located, including, without limitation, all building or construction materials intended for construction, reconstruction, alteration or repair of or installation at the Property, construction equipment, appliances, machinery, plant equipment, fittings, apparatuses, fixtures and other items now or hereafter attached to, installed in or used in connection with (temporarily or permanently) any of the Property, including, but not limited to, engines, devices for the operation of pumps, pipes, plumbing, cleaning, call and sprinkler systems, fire extinguishing apparatuses and equipment, heating, ventilating, plumbing, laundry, incinerating, electrical, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, pollution control equipment, security systems, disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and water, gas, electrical, storm and sanitary sewer facilities, utility lines and equipment (whether owned individually or jointly with others, and, if owned jointly, to the extent of Mortgagor’s interest therein) and all other utilities whether or not situated in Easements, all water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, and all other structures, together with all accessions, appurtenances, additions, replacements, betterments and substitutions for any of the foregoing and the proceeds thereof. Notwithstanding the foregoing, “Fixtures” shall not include any property which tenants are entitled to remove pursuant to leases at the Property, except to the extent that Mortgagor shall have any right or interest therein.

**“Hedging Contract”** shall have the meaning set forth in the Loan Agreement.

**“Hedging Obligations”** shall have the meaning set forth in the Loan Agreement.

**“Improvements”** shall mean all structures, buildings, additions, extensions, modifications, and all other improvements of any kind whatsoever, and replacements of any of the foregoing, now or hereafter located at or upon the Land.

**“Intangibles”** shall mean all “general intangibles” (as such quoted term is defined in the Code) in any way relating to the Property, or any part thereof, and that Mortgagor owns, including, without limitation, all intellectual property, goodwill and books and records relating to the business operated or to be operated on the Property or any part thereof, together with all unearned premiums, accrued, accruing or to accrue under all insurance policies now or hereafter obtained by Mortgagor insuring the Mortgaged Property and all rights and interest of Mortgagor thereunder.

**“Impound Account”** shall have the meaning set forth in Section 1.09(c).

**“Interest Rate”** shall have the meaning accorded such term in the Note.



**“Land”** shall mean the real property described in Schedule A attached hereto and by this reference made a part hereof, including, without limitation, all of the air space, easements, rights, privileges, royalties and appurtenances thereunto belonging or in anywise appertaining thereto, and all of the estate, right, title, interest, claim or demand whatsoever of Mortgagor therein and in the streets, alleys and ways adjacent thereto, either at law or in equity, in possession or expectancy, now or hereafter acquired.

**“Laws”** shall mean any federal, state or local law, statute, rule, regulation, ordinance, order, decree, directive, requirement, code, notice of violation or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, determination, consent decree or judgment.

**“Loan”** shall mean the loan from Mortgagee to Mortgagor evidenced by the Note and the Loan Agreement, which are being secured by, among other things, this Mortgage.

**“Loan Agreement”** shall have the meaning accorded such term in the recitals of this Mortgage.

**“Loan Documents”** shall have the meaning set forth in the Loan Agreement and shall include, without limitation, this Mortgage, the Note and the Loan Agreement and all other documents, agreements, instruments, certificates, title policies and the like securing and/or evidencing the Mortgage Amount and other Obligations and/or executed and/or delivered by or on behalf of Mortgagor in connection with the closing of the Loan or at any time thereafter (but excluding any Hedging Contract).

**“Mortgage Amount”** shall have the meaning accorded such term in the recitals of this Mortgage.

**“Mortgaged Property”** shall have the meaning accorded such term in the Granting Clause of this Mortgage.

**“Note”** shall have the meaning accorded such term in the recitals of this Mortgage.

**“Obligations”** shall have the meaning accorded such term in the Granting Clause of this Mortgage.

**“Person”** shall have the meaning set forth in the Loan Agreement.

**“Personal Property”** shall mean all furniture, furnishings, objects of art, machinery, goods, tools, supplies, appliances, contract rights, accounts, including, without limitation, all bank accounts maintained by or on behalf of Mortgagor, the Impound Account (as hereafter defined), if any, and any other accounts established pursuant to any of the Loan Documents or any Hedging Contract, accounts receivable, franchises, licenses, certificates and permits, and all other personal property of any kind

or character whatsoever (as defined in and subject to the provisions of the Code), other than Fixtures, which are now or hereafter owned by Mortgagor and which are located within or about the Property, together with all accessories, replacements and substitutions thereto or therefor and the proceeds thereof, and the right, title and interest of Mortgagor in and to any of the Personal Property which may be subject to the lien of any security interest, as defined in the Code, superior to the lien of this Mortgage, and all proceeds and products of the foregoing.

“**Power of Sale**” shall mean the right, power and authority of Mortgagee to sell or cause the sale of the Mortgaged Property and/or a part or parts thereof, at public sale or auction, after any Event of Default and in accordance with and pursuant to any statute or law of the state or jurisdiction in which the Property are located permitting the sale of property subject to a mortgage or security agreement in a non-judicial foreclosure sale, as any such statute or law may be in effect on the date hereof, or may be hereinafter enacted and/or modified or amended, or any successor statute or statutes, and/or under and pursuant to any other laws or regulations now in effect and/or hereafter enacted, which provides for and/or enables the property encumbered by a mortgage to be sold by a mortgagee and/or its respective agents and/or representatives in a public and/or private non-judicial sale, including, without limitation, the STATUTORY POWER OF SALE pursuant to New Hampshire RSA 479:25.

“**Property**” shall mean, collectively, the Land and the Improvements.

“**State**” shall mean the State of New Hampshire.

All terms of this Mortgage not defined above shall have the respective meanings accorded such terms in this Mortgage. All capitalized terms used herein but not defined in this Mortgage shall have the meanings ascribed thereto in the Loan Agreement.

#### **Granting Clause**

**NOW, THEREFORE**, Mortgagor, in consideration of the premises and in order to secure payment of the principal of the Note and the interest and any and all other sums payable on the Note, under this Mortgage or the other Loan Documents, and all Hedging Obligations as well as, without limitation, all loans, advances, indebtedness, notes, liabilities, and all other amounts, in each case, liquidated or unliquidated, owing by Mortgagor to Mortgagee or any Affiliate Counterparty or any other Affiliate of Mortgagee any time, of each and every kind, nature and description, whether arising under this Mortgage or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by Mortgagor to Mortgagee or any Affiliate Counterparty or any other Affiliate thereof; or are due indirectly by Mortgagor to Mortgagee or any Affiliate Counterparty or any other Affiliate thereof as endorser, guarantor or other surety, or as borrower of obligations due third Persons which have been endorsed or assigned to Mortgagee or any Affiliate Counterparty or any other Affiliate thereof, or otherwise), absolute or contingent, due or to become due, now existing or hereafter arising or contracted, including, without limitation, payment when due of all amounts outstanding respecting any of the Loan Documents or any Hedging

Contract and the performance and observance of all the other provisions hereof, of the Note, the other Loan Documents and any Hedging Contract (all of such sums payable, indebtedness and obligations are hereinafter referred to, collectively, as the “**Obligations**”), hereby gives, grants, mortgages, bargains, sells, warrants, aliens, remises, releases, conveys, assigns, transfers, hypothecates, deposits, pledges, sets over and confirms unto Mortgagee for itself and as agent for any Affiliate Counterparty or any other Affiliate holding any Obligations, and its successors and assigns, with MORTGAGE COVENANTS, except for those permitted encumbrances and other matters set forth on Schedule B of the title insurance policy insuring the lien of this Mortgage (collectively, the “**Permitted Encumbrances**”), all its estate, right, title and interest in, to and under any and all of the following described property (collectively, the “**Mortgaged Property**”), whether now owned or held or hereafter acquired:

(a) the Land;

(b) the Improvements;

(c) the Easements;

(d) the Chattels;

(e) the Intangibles;

(f) the Agreements;

(g) all awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain or condemnation (including but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(h) all proceeds in respect of the Mortgaged Property under any insurance policies covering the Mortgaged Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property;

(i) all refunds, rebates or credits in connection with reduction in real estate taxes and assessments charged against the Property as a result of tax appeal or any applications or proceedings for reduction or otherwise;

(j) all leases and other agreements affecting the use, enjoyment or occupancy of the Property or any part thereof heretofore or hereafter entered into (collectively, the “**Leases**”) and all right, title and interest of Mortgagor therein and thereunder, including, without limitation, cash, letters of credit or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, income, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements (collectively, the “**Rents**”) and all proceeds from the sale or other disposition of the Leases;

(k) the right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property; and

(l) all proceeds of any of the foregoing converted into cash, property, claims or otherwise.

**TO HAVE AND TO HOLD** unto Mortgagee and its successors and assigns, forever to its and their own proper use and behoof; and Mortgagor also does for itself, its successors and assigns, covenant with Mortgagee, and their successors and assigns, that at and until the ensembling of these presents, it is well seized of the Property in fee simple, and has good right to mortgage, bargain and sell the same and that the same are free from all encumbrances whatsoever except for the Permitted Encumbrances.

This Mortgage is upon the STATUTORY CONDITION, upon the breach of which or any covenant, agreement, or condition of Mortgagor under any of the Loan Documents or Hedging Contract, Mortgagee shall have the STATUTORY POWER OF SALE.

This Mortgage is intended to constitute (i) a Mortgage Deed under New Hampshire RSA c. 479; (ii) a security agreement and financing statement under the Code as enacted in the State; and (iii) a notice of assignment of rents or profits. This Mortgage shall also operate as a financing statement filed as a fixture filing in accordance with the applicable provisions of the Code.

This Mortgage is also intended to operate and be construed as an unconditional, absolute and present assignment of the Leases, Rents, issues and profits of the Mortgaged Property, and not an assignment in the nature of a pledge of the Leases, Rents, issues and profits or a mere grant of a security interest therein, Mortgagor hereby agreeing, that Mortgagee is entitled to receive the Leases, Rents, issues and profits of the Mortgaged Property prior to an Event of Default and without entering upon or taking possession of the Mortgaged Property; provided however that Mortgagee shall not be obligated to perform or discharge any obligation of Mortgagor under any Lease, the assignment of Leases, Rents, issues and profits provided for in this Mortgage in no manner placing on Mortgagee any responsibility for (i) the control, care, management or repair of the Mortgaged Property, (ii) the carrying out of any of the terms and conditions of any Lease, (iii) any waste committed on the Mortgaged Property, or (iv) any dangerous or defective condition on the Mortgaged Property (whether known or unknown). Mortgagor further agrees that neither the foregoing assignment of Leases, Rents, issues and profits, nor the assignment provided for in the Assignment of Leases and Rents, nor the exercise of any of Mortgagee's rights and remedies in Article II hereof shall be deemed to make Mortgagee a mortgagee-in-possession or otherwise

responsible or liable in any manner with respect to the Leases, the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Mortgagee, in person or by agent, assumes actual possession thereof. The appointment of any receiver for the Mortgaged Property by any court at the request of Mortgagee or by agreement with Mortgagor, or the entering into possession of any part of the Mortgaged Property by such receiver, shall not be deemed to make Mortgagee a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Leases, the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof. So long as no Event of Default shall exist, however, and so long as Mortgagor is not in default of any obligation, covenant or agreement contained in any Lease, Mortgagor shall have a license, which license shall terminate automatically and without notice upon any Event of Default or a default by Mortgagor under any Lease to collect, but not prior to accrual, all Rents. Mortgagor agrees to collect and hold all rents in trust for Mortgagee and to use the Rents for the payment of the cost of operating and maintaining the Mortgaged Property and for the payment of the Expenses and other obligations of Mortgagor pursuant to the Loan Documents and any Hedging Contract before using the Rents for any other purpose.

## ARTICLE I

### Particular Covenants of Mortgagor

Mortgagor represents, warrants, covenants and agrees as follows:

SECTION 1.01 Mortgagor represents and warrants that it has a good and marketable title to an indefeasible fee estate in the Property subject to no lien, charge or encumbrance, other than the Permitted Encumbrances; that it will own the Chattels free and clear of liens and claims; that this Mortgage is and will remain a valid and enforceable first lien on the Mortgaged Property subject only to the exceptions referred to above or in Schedule A; that the execution and delivery of each of this Mortgage, the Note, the other Loan Documents and the Hedging Contracts have been duly authorized by Mortgagor and that there is no provision in any document relating to Mortgagor that evidences or establishes the existence of Mortgagor requiring further consent for such action by any other Person; that it is duly organized, validly existing and is in good standing under the laws of the state of its organization; that it has (i) all necessary licenses, authorizations, registrations, permits and/or approvals and (ii) full power and authority to own its properties and carry on its business as presently conducted and the execution and delivery by it of and performance of its obligations under this Mortgage, the Note and the other Loan Documents or any Hedging Contract will not result in Mortgagor being in default under any provisions of any document that evidences or establishes the existence of Mortgagor or of any mortgage, credit or other agreement to which Mortgagor is a party or by which it is bound or that affects Mortgagor or the Property, or any part thereof; that it will preserve such title, and will forever warrant and defend the same unto Mortgagee and its successors and assigns, and will forever warrant and defend the validity and priority of such lien hereof against the claims of all Persons and parties whomsoever, subject only to the Permitted Encumbrances.

SECTION 1.02 (a) Mortgagor will, at the sole cost and expense of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as Mortgagee shall from time to time reasonably require, for the better assuring, conveying, mortgaging, assigning, transferring and confirming unto Mortgagee the property and rights hereby conveyed, mortgaged or assigned or intended now or hereafter so to be, or that Mortgagor may be or may hereafter become bound to convey, mortgage or assign to Mortgagee, or for more effectively carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering or recording this Mortgage and, on demand, will execute and deliver and hereby authorizes Mortgagee to execute and record in the name of Mortgagor to the extent it may be lawful to do so, chattel mortgages or comparable security instruments to evidence more effectively the lien hereof upon the Mortgaged Property or any part thereof. Mortgagor will also, at Mortgagee's request, sign any affidavits or other documents or instruments which may be necessary to maintain the priority of the lien of this Mortgage with respect to the Mortgaged Property or any part thereof, or to release or enforce such lien, including but not limited to any amendments, corrections, deletions or additions to this Mortgage.

(b) Mortgagor expressly agrees, intending that Mortgagee rely thereon, that this Mortgage shall also constitute a "security **agreement**," as such term is defined in the Code with respect to the Chattels, Intangibles and other Mortgaged Property. Mortgagor further expressly agrees, intending that Mortgagee rely thereon, that this Mortgage, to the extent permitted by law, shall also constitute a "financing **statement**," and a "fixture filing" as such term is defined in the Code with respect to the Fixtures (and for purposes thereof, Mortgagor confirms (i) the addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are set forth above, (ii) this Mortgage is to be filed for recording in appropriate public records of the county or counties where the Mortgaged Property is located, (iii) Mortgagor is the record owner of the Mortgaged Property, (iv) Mortgagor's state of organization is New Hampshire; and (v) Mortgagor's exact legal name is as set forth on Page 1 of this Mortgage. By its execution of this Mortgage, Mortgagor hereby authorizes Mortgagee to file and/or record this Mortgage as a security instrument and fixture filing with respect to the Mortgaged Property or any part thereof, and authorizes Mortgagee to file one or more financing statements, amendments, fixture filings, renewals or continuation statements with respect to the Mortgaged Property or any part thereof, and authorizes Mortgagee to file any other document or instrument as may from time to time be permitted under the Code or which Mortgagee may otherwise deem desirable in connection with the Mortgaged Property or any part thereof. If requested by Mortgagee, Mortgagor agrees to sign all such financing statements, amendments, renewal or continuation statements and other instruments and documents or, at Mortgagee's option, Mortgagee is hereby authorized by Mortgagor to sign all such financing statements, amendments, renewals or continuation statements, documents and

instruments in Mortgagor's name as Mortgagor's attorney-in-fact. The foregoing authorization includes Mortgagor's irrevocable authorization for Mortgagee at any time and from time to time to file any initial financing statements and amendments thereto that indicate the Chattels (a) as "all assets" of Mortgagor or words of similar effect, regardless of whether any particular asset comprised in the Chattels falls within the scope of the Code of the State or the jurisdiction where the initial financing statement or amendment is filed, or (b) as being of an equal or lesser scope or with greater detail.

SECTION 1.03 (a) Mortgagor forthwith upon the execution and delivery of this Mortgage, and thereafter from time to time, will cause this Mortgage, and any other security instrument creating a lien or evidencing the lien hereof upon the Chattels and/or the Intangibles and each instrument of further assurance to be filed, registered and/or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the interest of Mortgagee in, the Mortgaged Property.

(b) Mortgagor will pay all filing, registration or recording fees, taxes and other charges, and all costs and expenses incident to the execution, acknowledgment, delivery and recording and/or filing of this Mortgage, the other Loan Documents, any mortgage supplemental hereto, any security instrument with respect to the Chattels or the Intangibles, and any instrument of further assurance, and all Federal, state, county and municipal stamp taxes and other taxes, duties, impositions, assessments and charges arising out of or in connection with the execution and delivery of the Note, this Mortgage or any mortgage supplemental hereto, any security instrument with respect to the Chattels and/or the Intangibles, any other Loan Document or any instrument of further assurance.

(c) Upon Mortgagor's full satisfaction of the Obligations, and termination of all obligations, if any, of Mortgagee to make future advances under the Note, at Mortgagor's request and at Mortgagor's sole cost and expense (including, without limitation, the payment of all reasonable legal fees and disbursements), Mortgagee shall execute and deliver to Mortgagor a release of the lien of this Mortgage and termination statements as to any Uniform Commercial Code financing statements filed by Mortgagee in respect of the Mortgaged Property. Mortgagor shall be responsible for the recordation and filing of such release and termination statements, and the cost thereof.

SECTION 1.04 Mortgagor will punctually pay the principal and interest and all other sums to become due in respect of the Note, the Loan Documents and any Hedging Contract at the time and place and in the manner specified in the Note, the Loan Documents and any Hedging Contract, and all such principal and interest due in respect of the Note and the Loan Documents and amounts due under any Hedging Contract are hereby deemed an obligation due under this Mortgage.

SECTION 1.05 Mortgagor will, so long as it is the owner of the Mortgaged Property or any part thereof, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges as a business or entity under the laws of the state of its organization and will comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to Mortgagor or to the Mortgaged Property or any part thereof.

SECTION 1.06 All right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property hereafter acquired by, or released to, Mortgagor, or constructed, assembled or placed by Mortgagor on the Property or any part thereof, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described in the Granting Clause hereof, but at any and all times Mortgagor will execute and deliver to Mortgagee any and all such further assurances, mortgages, conveyances or assignments thereof as the Mortgagee may require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

SECTION 1.07 (a) Mortgagor, from time to time when the same shall become due and payable, will pay and discharge all taxes of every kind and nature, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, and all other public charges whether of a like or different nature, imposed upon or assessed against the Mortgaged Property, or any part thereof, or upon the revenues, rents, issues, income and profits of the Mortgaged Property, or any part thereof, or arising in respect of the occupancy, use or possession thereof (collectively, the “**Impositions**”). Mortgagor will, upon the request of Mortgagee, deliver to Mortgagee receipts evidencing the payment of all such Impositions, or any part thereof, or the revenues, rents, issues, income or profits thereof.

(b) Mortgagor will pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers and others, which claims and demands, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom and in general will do or cause to be done everything necessary so that the lien of this Mortgage shall be fully preserved, at the sole cost and expense of Mortgagor, without expense to Mortgagee.

(c) Nothing in this Section 1.07 shall require the payment or discharge of any obligation imposed upon Mortgagor by this Section so long as Mortgagor shall in good faith and at its own cost and expense contest the same in accordance with Section 10.1 of the Loan Agreement by appropriate legal proceedings that shall operate to prevent the collection thereof or other



realization thereon and the sale or forfeiture of the Property or any part thereof to satisfy the same; provided that during such contest Mortgagor shall, at the option of Mortgagee, provide security satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligation hereunder and of any additional charge, penalty or expense arising from or incurred as a result of such contest; and provided further that if, at any time, payment of any obligation imposed upon Mortgagor by subsection (a) of this Section shall become necessary to prevent the delivery of a tax deed, or its equivalent, conveying the Property or any other part of the Mortgaged Property, or any part thereof, because of non-payment, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such tax deed or its equivalent.

SECTION 1.08 Mortgagor will pay any and all taxes, charges, fees and/or levies by reason of Mortgagee's ownership of and interest in the Note, this Mortgage or the other Loan Documents or any Hedging Contract and/or resulting from the exercise by Mortgagee of any of its rights and/or remedies provided for under this Mortgage, except for income taxes. The obligations assumed by Mortgagor pursuant to this Section 1.08 shall survive the exercise by Mortgagee of any of its rights and/or remedies under this Mortgage.

SECTION 1.09 (a) Mortgagor shall keep the Property and Chattels insured against such perils and hazards, and in such amounts and with such limits, as Mortgagee may from time to time require, and in any event will continuously maintain, at Mortgagor's sole cost and expense, the policies of insurance required under the terms of the Loan Agreement.

(b) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.09, unless Mortgagee is included thereon as a named insured with loss payable to Mortgagee under the standard mortgage endorsement. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

(c) Upon the request of Mortgagee, Mortgagor shall establish and maintain at all times while this Mortgage continues in effect an impound account (the "**Impound Account**") with Mortgagee for payment of real estate taxes and assessments and insurance on the Mortgaged Property and as additional security for the Obligations. Upon the request of Mortgagee, Mortgagor shall deposit in the Impound Account an amount determined by Mortgagee to be necessary to ensure that there will be on deposit with Mortgagee an amount which, when added to the monthly payments subsequently required to be deposited with Mortgagee hereunder on account of real estate taxes, assessments and insurance premiums, will result in there being on deposit with Mortgagee in the Impound Account an amount sufficient to pay the next due annual installment of real estate taxes and assessments on the Mortgaged Property at least one (1) month prior to the delinquency date thereof (if paid in

one installment) and the next due annual insurance premiums with respect to the Mortgaged Property at least one (1) month prior to the delinquency date thereof (if paid in one installment). Commencing on the next monthly payment date under the Note and continuing thereafter on each monthly payment date under the Note, Mortgagor shall pay to Mortgagee, concurrently with and in addition to the monthly payment due under the Note and until the Obligations are fully paid and performed, deposits in an amount equal to one-twelfth (1/12) of the amount of the annual real estate taxes and assessments that will next become due and payable on the Mortgaged Property, plus one-twelfth (1/12) of the amount of the annual premiums that will next become due and payable on insurance policies which Mortgagor is required to maintain hereunder, each as estimated and determined by Mortgagee. So long as no default hereunder has occurred and is continuing, all sums in the Impound Account shall be held by Mortgagee in the Impound Account to pay said taxes, assessments and insurance premiums in one installment before the same become delinquent. Mortgagor shall be responsible for ensuring the receipt by Mortgagee, at least thirty (30) days prior to the respective due date for payment thereof, of all bills, invoices and statements for all taxes, assessments and insurance premiums to be paid from the Impound Account, and so long as no default hereunder has occurred and is continuing, Mortgagee shall pay the governmental authority or other party entitled thereto directly to the extent funds are available for such purpose in the Impound Account. In making any payment from the Impound Account, Mortgagee shall be entitled to rely on any bill, statement or estimate procured from the appropriate public office or insurance company or agent without any inquiry into the accuracy of such bill, statement or estimate and without any inquiry into the accuracy, validity, enforceability or contestability of any tax, assessment, valuation, sale, forfeiture, tax lien or title or claim thereof. The Impound Account shall not, unless otherwise explicitly required by applicable law, be or be deemed to be escrow or trust funds, but, at Mortgagee's option and in Mortgagee's discretion, may either be held in a separate account or be commingled by Mortgagee with the general funds of Mortgagee. No interest on funds contained in the Impound Account, if any, shall be paid by Mortgagee to Mortgagor. The Impound Account is solely for the protection of Mortgagee and entails no responsibility on Mortgagee's part beyond the payment of taxes, assessments and insurance premiums following receipt of bills, invoices or statements therefor in accordance with the terms hereof and beyond the allowing of due credit for the sums actually received. Upon assignment of this Mortgage by Mortgagee, any funds in the Impound Account shall be turned over to assignee and any responsibility of Mortgagee, as assignor, with respect thereto shall terminate. If the total funds in the Impound Account shall exceed the amount of payments actually applied by Mortgagee for the purposes of the Impound Account, such excess may be credited by Mortgagee on subsequent payments to be made hereunder or, at the option of Mortgagee, refunded to Mortgagor. If, however, the Impound Account shall not contain sufficient funds to pay the sums required when the same shall become due and payable, Mortgagor shall, within (10) days after receipt of written notice therefor, deposit with Mortgagee the full amount of any such deficiency. If

Mortgagor shall fail to deposit with Mortgagee the full amount of such deficiency as provided above, Mortgagee shall have the option, but not the obligation, to make such deposit, and all amounts so deposited by Mortgagee, together with interest thereon at the applicable Default Rate from the date so deposited by Mortgagee, until actually paid by Mortgagor, shall be immediately paid by Mortgagor on demand and shall be secured by this Mortgage. If there is a default under this Mortgage which is not cured within any applicable grace or cure period, Mortgagee may, but shall not be obligated to, apply at any time the balance then remaining in the Impound Account against the Obligations in whatever order Mortgagee shall subjectively determine. No such application of the Impound Account shall be deemed to cure any default hereunder. Upon full payment of the Obligations in accordance with its terms or at such earlier time as Mortgagee may elect, the balance of the Impound Account then in Mortgagee's possession shall be paid over to Mortgagor and no other party shall have any right or claim thereto.

(d) Mortgagor shall give Mortgagee prompt written notice of any damage to, or destruction of, the Improvements, or any part thereof, or of any other casualty or loss at or affecting the Property or the Chattels. Mortgagee's rights with respect to any insurance claim in respect of any such damage, destruction, casualty or loss shall be as provided in the Loan Agreement. To the fullest extent permitted by applicable law, the proceeds of any insurance coming into the possession of Mortgagee in respect of any damage, destruction, casualty or loss shall not be deemed trust funds, and Mortgagee shall have the option, in its sole discretion, to apply any insurance proceeds it may receive pursuant hereto or otherwise to the payment of the Obligations, or to allow all or a portion of such proceeds to be used for the restoration of the Mortgaged Property in accordance with the terms of the Loan Agreement.

(e) Mortgagor shall promptly commence and diligently continue to perform the repairs, restoration and rebuilding of the portion of the Improvements damaged or destroyed in accordance with the terms of the Loan Agreement.

SECTION 1.10 If Mortgagor shall fail to perform any of the covenants contained in Sections 1.01, 1.03, 1.05, 1.07, 1.08, 1.09, 1.12 or 1.20 hereof, Mortgagee may make advances to perform the same on its behalf upon ten (10) days' prior written notice to Mortgagor, and all sums so advanced shall be a lien upon the Mortgaged Property and shall be secured hereby. Mortgagor will repay on demand all sums so advanced on its behalf with interest at the Default Rate. The provisions of this Section shall not prevent any default in the observance of any covenant contained in said Sections 1.01, 1.03, 1.05, 1.07, 1.08, 1.09, 1.12 or 1.20 from constituting an Event of Default. To the extent permitted by law, Mortgagee shall be subrogated to all right, title, lien or equity, notwithstanding any release of record, of all Persons to whom Mortgagor may have paid any monies as provided in this Section 1.10, provided, however, that nothing in this Section 1.10 shall be deemed or construed to relieve Mortgagor of the obligation to make any such payment.

SECTION 1.11 (a) Mortgagor will permit Mortgagee and its agents, accountants and attorneys to visit and inspect the Property and examine its records and books of account and to discuss its affairs, finances and accounts with the officers of Mortgagor as provided in the Loan Agreement.

(b) Mortgagor will deliver to Mortgagee the financial reports and statements as and when required pursuant to [Section 9.2 of] the Loan Agreement.

(c) Mortgagor, within five (5) business days upon request in person, or within seven (7) business days upon request by mail, will furnish a written statement duly acknowledged of the amount due whether for principal or interest on the Note and whether any offsets, counterclaims or defenses exist against Mortgagee, or the Obligations, or any part thereof.

SECTION 1.12 Mortgagor will not commit any waste on the Mortgaged Property, or any part thereof, or make any change in the use of the Mortgaged Property, or any part thereof, that will in any way decrease the value of the Mortgaged Property or increase the risk of fire or other hazard or casualty arising out of construction or operation. Mortgagor will, at all times, maintain the Improvements in good operating order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith which are necessary or desirable to such end. The Improvements shall not be demolished or substantially altered, nor shall any Chattels be removed without the prior written consent of Mortgagee, except where appropriate replacements free of superior title, liens and claims are immediately made having value at least equal to the value of the removed Chattels.

SECTION 1.13 Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Property or Chattels or any part thereof, will notify Mortgagee of the pendency of such proceedings. Mortgagee's rights with respect to any such proceedings shall be as provided in the Loan Agreement (including, without limitation, Mortgagee's right to participate, and to be represented by counsel selected by Mortgagee, in such proceedings). Any award or compensation payable in connection with any such proceedings is hereby assigned to and shall be paid to Mortgagee, which assignment is in addition to and not in limitation of any security interest granted herein. The proceeds of any award or compensation shall be applied as provided in the Loan Agreement.

SECTION 1.14 (a) Mortgagor will not (i) execute an assignment of any Leases affecting the Property or any part thereon, or the Rents, or any part thereof, from the Property, except in favor of Mortgagee, or (ii) subject in all respects to the terms of the Loan Agreement, except where the lessee under any Lease is in default thereunder, terminate or consent to the cancellation or surrender of any such Lease, now existing or hereafter entered into, having an unexpired term of one (1) year or more, except that, subject in all respects to the terms of the Loan Agreement, any Lease may be cancelled provided that promptly after the cancellation or surrender

thereof a new Lease is entered into with a new lessee having a credit standing, in the reasonable judgment of Mortgagee, at least equivalent to that of the lessee whose lease was cancelled, on substantially the same or better terms as the terminated or cancelled Lease, or (iii) subject in all respects to the terms of the Loan Agreement, modify any such Lease so as to shorten the unexpired term thereof or so as to decrease the amount of the Rents payable thereunder, or (iv) subject in all respects to the terms of the Loan Agreement, accept prepayments of any installments of Rents to become due under such Leases, except prepayments in the nature of security for the performance of the lessees thereunder, or (v) subject in all respects to the terms of the Loan Agreement, in any other manner materially impair the value of the Mortgaged Property or the security of this Mortgage in the reasonable judgment of Mortgagee.

(b) Subject in all respects to the terms of the Loan Agreement, Mortgagor will not execute any Lease of all or a substantial portion of the Property except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed promptly, all of the covenants, conditions and agreements contained in all Leases of the Property, or any part thereof, now or hereafter existing, on the part of the lessor thereunder to be kept and performed and will at all times do all things necessary to compel performance by the lessee under each Lease of all obligations, covenants and agreements by such lessee to be performed thereunder. If any of such Leases provide for the giving by the lessee of an estoppel certificate with respect to the status of any such Leases, Mortgagor shall exercise its right to request such certificates within ten (10) days of any demand therefor by Mortgagee.

(c) Mortgagor shall furnish to Mortgagee all information concerning lessees or occupants of the Property or Improvements as required under the Loan Agreement.

SECTION 1.15 Unless otherwise prohibited by applicable law, each Lease of the Property, or of any part thereof, shall provide that, in the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee thereunder will, upon request of any Person succeeding to the interest of Mortgagor as a result of such enforcement, automatically become the lessee of said successor in interest, without change in the terms or other provisions of such Lease; provided, however, that said successor in interest shall not be bound by (i) any payment of rent or additional rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by said lessee of its obligations under said Lease, or (ii) any amendment or modification of the Lease made without the consent of Mortgagee or such successor in interest. Each such Lease shall provide that upon request by such successor in interest, such lessee shall execute and deliver an instrument or instruments confirming such attornment.

SECTION 1.16 Mortgagor hereby agrees that if in connection with the closing of the Loan (a) any of the Loan Documents or Hedging Contracts executed by Mortgagor misstates or inaccurately reflects the true and correct terms and provisions of

the Loan or the Hedging Obligations or (b) Mortgagor failed to execute any documents or instruments that should have been executed by Mortgagor (regardless of whether said misstatement, inaccuracy or failure was due to the unilateral mistake of Mortgagee, the mutual mistake of Mortgagor and Mortgagee, or clerical error), then in such event, Mortgagor shall, within ten (10) days of Mortgagee's request, and in order to correct any such misstatement, inaccuracy or failure, execute such new Loan Documents and/or Hedging Contracts as Mortgagee or any Affiliate Counterparty or any other Affiliate of Mortgagee may deem necessary or desirable to remedy said inaccuracy, mistake or failure.

SECTION 1.17 Mortgagor will receive the advances secured by this Mortgage, and will hold the right to receive such advances, as a trust fund to be applied first for the purpose of paying the cost of contractors and materialmen for any improvements to the Property.

SECTION 1.18 Mortgagor agrees that it shall indemnify and hold Mortgagee and any Affiliate Counterparty and any of its other Affiliates and their respective successors and assigns harmless against any loss or liability, cost or expense, including without limitation, any judgments, reasonable attorneys' fees, costs of appeal bonds and printing costs, arising out of or relating to any proceedings instituted by any contractor, subcontractor, materialman or other claimant alleging priority over the lien of this Mortgage by virtue of any work performed at the Property or materials provided to Mortgagor or any other party in connection with the Property.

SECTION 1.19 Mortgagor shall execute and deliver to the appropriate governmental authority any affidavit, instrument, document and/or filing required pursuant to any applicable statute, ordinance, rule and/or regulation in connection with the Property, the Note, the other Loan Documents and any Hedging Contracts and/or the business and affairs of Mortgagor.

SECTION 1.20 Mortgagor expressly covenants and agrees to pay in full all Expenses required to be paid hereunder and under the Loan Agreement and any other Loan Document as and when provided herein or therein, as applicable.

SECTION 1.21 RESERVED

SECTION 1.22 Mortgagor agrees as follows:

(a) Mortgagor agrees that the Property shall at all times comply, to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, as amended from time to time, the Fair Housing Amendments Act of 1988, as amended from time to time, all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as amended from time to time (collectively, "**Access Laws**").

(b) Notwithstanding any provisions set forth herein or in any other documents regarding Mortgagee's approval or alterations of the Property, Mortgagor shall not alter the Property in any manner that would increase Mortgagor's responsibilities for compliance with the applicable Access Laws without the prior written approval of Mortgagee. The foregoing shall apply to tenant improvements constructed by Mortgagor or by any of its tenants. Mortgagee may condition any such approval upon receipt of a certificate of Access Laws compliance from an architect, engineer, or other Person reasonably acceptable to Mortgagee.

(c) Mortgagor agrees to give prompt notice to Mortgagee of the receipt by Mortgagor of any complaints related to violations of any Access Laws and of commencement of any proceedings or investigations related to compliance with applicable Access Laws.

SECTION 1.23 Except as expressly permitted under the terms of the Loan Agreement, Mortgagor shall not, directly or indirectly, sell, convey, dispose of, alienate, hypothecate, lease, assign, pledge, mortgage, encumber or otherwise transfer (each a "**Transfer**" and, collectively, "**Transfers**") the Property, or any part thereof or interest therein (including, without limitation, any ownership interests, directly or indirectly, in Mortgagor), in any manner or way, whether voluntarily or involuntarily, and any such Transfer shall constitute an Event of Default hereunder giving Mortgagee the right, at its sole option, to declare any or all of the Obligations secured hereby immediately due and payable and to otherwise exercise any of its other rights and remedies contained in Article II hereof; and if such acceleration occurs during any period when a prepayment fee is payable pursuant to the provisions set forth in the Note, then, in addition, such prepayment fee shall then be immediately due and payable to the same extent as though Mortgagor were prepaying the entire Obligations secured hereby on the date of such acceleration.

SECTION 1.24 The parties hereto agree that all sums that may or shall become due and payable by Mortgagor to Mortgagee or any Affiliate Counterparty or any other Affiliate of Mortgagee in accordance with any Hedging Contract, whether or not such Hedging Contract is directly between Mortgagor and Mortgagee or between Mortgagor and any Affiliate Counterparty or any other Affiliate of Mortgagee or any of their respective Affiliates, assignors or assignees, shall be secured by this Mortgage and shall constitute part of the Obligations secured hereby and the other Security Documents. Subject to the terms of Section 2.02, the lien of this Mortgage insofar as it secures payment of sums that may or shall become due and payable by Mortgagor to Mortgagee or any Affiliate Counterparty or any other Affiliate in accordance with any Hedging Contract is and shall continue to be equal in priority to the lien of this Mortgage insofar as it secures payment of the principal amount (but not interest (including interest at the Default Rate) consistent with Section 2.02 below) due under the Note.

(End of Article I)

## ARTICLE II

### Events of Default and Remedies

SECTION 2.01 The occurrence of any Default or Event of Default as defined in the Loan Agreement shall constitute a Default or Event of Default, as applicable, under this Mortgage.

Upon the occurrence of an Event of Default:

I. Acceleration of the Obligations. During the continuance of any such Event of Default, Mortgagee, by written notice given to Mortgagor, may declare the entire principal of the Note then outstanding (if not then due and payable), and all accrued and unpaid interest thereon, together with all other Obligations, to be due and payable immediately, notwithstanding anything to the contrary herein or in the Note, the other Loan Documents or any Hedging Contract;

II. Possession of the Mortgaged Property. During the continuance of any such Event of Default, with or without the appointment of a receiver, or an application therefor, Mortgagee personally, or by its agents or attorneys, may enter into and upon all or any part of the Property, and each and every part thereof, and may exclude Mortgagor, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Property and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, Mortgagee, at the expense of Mortgagor, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Property, whereof it shall become possessed as aforesaid, may complete the construction of any of the Improvements and in the course of such completion may make such changes in the contemplated Improvements as it may deem desirable and may insure the same; and likewise, from time to time, at the expense of Mortgagor, Mortgagee may procure title reports, title insurance, surveys, appraisals and such other reports as Mortgagee, in its sole discretion, shall deem necessary, and make all necessary or proper repairs, replacements, renewals and such useful alterations, additions, betterments and improvements thereto and thereon as to it may deem advisable; and in every such case Mortgagee shall have the right to manage and operate the Property and to carry on the business thereof and exercise all rights and powers of Mortgagor with respect thereto either in the name of Mortgagor or otherwise as it shall deem best; and the license of Mortgagor to collect Rents shall be automatically and without notice revoked, and Mortgagee shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the Property and every part thereof, all of which shall for all purposes constitute property of Mortgagor; and in furtherance of such right Mortgagee may collect the Rents payable under all Leases of the Property directly from the lessees thereunder upon notice to each such lessee that an Event of Default exists hereunder accompanied by a demand on such lessee for the payment to Mortgagee of all Rents due and to become due under its Lease, and Mortgagor, for the benefit of Mortgagee and each such lessee hereby



covenants and agrees that the lessee shall be under no duty to question the accuracy of Mortgagee's statement of default and shall unequivocally be authorized to pay said Rents to Mortgagee without regard to the truth of Mortgagee's statement of default and notwithstanding notices from Mortgagor disputing the existence of an Event of Default such that the payment of Rent by the lessee to Mortgagee pursuant to such a demand shall constitute performance in full of the lessee's obligation under the Lease for the payment of Rents by the lessee to Mortgagor; and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property, or any part thereof, as well as just and reasonable compensation for the services of Mortgagee and for all attorneys, counsel, agents, clerks, servants and other employees by it properly engaged and employed, Mortgagee shall apply the moneys arising as aforesaid, first to the payment of accrued interest under the Note, second, to the payment of the principal of the Note, when and as the same shall become payable, and finally to the payment of any other Obligations and sums required to be paid by Mortgagor under this Mortgage or the other Loan Documents or any Hedging Contract.

III. Foreclosure and Other Remedies. Mortgagee, with or without entry, personally or by its agents or attorneys, insofar as applicable, may:

(1) sell (and in the case of any default by any purchaser, resell) the Mortgaged Property, or any part thereof, to the extent permitted and pursuant to the procedures provided by law, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, at one or more sales as an entirety or in parcels, and at such time and place upon such terms and after such notice thereof as may be determined by Mortgagee or as required or permitted by law; or

(2) institute proceedings for the complete or partial foreclosure of this Mortgage;

(3) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note, this Mortgage or the other Loan Documents or any Hedging Contract, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall elect; or

(4) exercise any other right or remedy of a mortgagee or secured party under the laws of the State.

IV. Power of Sale. Mortgagor hereby unconditionally and irrevocably gives, grants, sets over and confirms unto Mortgagee the Power of Sale, which Power of Sale may be unconditionally exercised at any time or times after an Event of Default

and in connection therewith, Mortgagor hereby (a) consents to any one or more adjournments of the sale date which Mortgagee may grant, consent to and/or schedule, whether or not Mortgagor is notified of such adjournment and (b) waives any and all objections Mortgagor may have to the date of sale, the place of sale, the terms of sale and any other matter selected by Mortgagee. The sale by Mortgagee of less than the whole of the Mortgaged Property shall not exhaust the right to sell any remainder of the Mortgaged Property, and Mortgagee is specifically empowered to make a successive sale or sales until the whole of the Mortgaged Property shall be sold. If the proceeds of the sale of less than the whole of the Mortgaged Property is less than the aggregate of the Obligations or any other obligations secured hereby and payable under subsection (d) of Section 2.02, then this Mortgage and the lien hereof shall remain in full force and effect as to the unsold portion of the Mortgaged Property just as though no sale had been made.

V. Assent to Decree. Mortgagor hereby assents to the passage of a decree for the sale of the Mortgaged Property, or any part thereof, by any court having jurisdiction, without notice to Mortgagor (except as expressly required by applicable law).

VI. Appointment of Receiver. After the happening of any Event of Default and during its continuance, or upon the commencement of any proceedings to foreclose this Mortgage or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of Mortgagee, Mortgagee shall be entitled, as a matter of right, if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of any security for the Obligations, forthwith either before or after declaring the unpaid principal of the Note to be due and payable, to appoint a receiver or receivers in respect of the Property and/or other Mortgaged Property, and Mortgagor hereby consents to the appointment of such receiver or receivers.

VII. Rights of a Secured Party. Mortgagee shall also have such other rights and/or remedies provided to a Mortgagee and/or a secured party by the Code.

VIII. Other Remedies. Mortgagee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by Mortgagor under the terms of this Mortgage, as they become due, without regard to whether or not any other obligations or liabilities shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of a mortgage foreclosure, or any other action, for any default by Mortgagor existing at the time the earlier action was commenced. In addition, Mortgagee shall have the right to set-off all or any part of any amount due by Mortgagor to Mortgagee under any of the Loan Documents, against any indebtedness, liabilities or obligations owing by Mortgagee in any capacity to Mortgagor, including any obligation to disburse to Mortgagor any funds or other property on deposit with or otherwise in the possession, control or custody of Mortgagee.

SECTION 2.02 (a) Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(b) Upon the completion of any sale or sales made by Mortgagee under or by virtue of this Article II, Mortgagee, or an officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold and shall execute and deliver to the appropriate governmental authority any affidavit, instrument, document and/or filing required pursuant to any applicable statute, ordinance, rule and/or regulation, of the State. As long as the Obligations secured by this Mortgage remain unpaid, Mortgagee is hereby irrevocably appointed the true and lawful attorney of Mortgagor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property and rights so sold and for that purpose Mortgagee may execute all necessary instruments of conveyance, assignment and transfer, including, without limitation, any affidavit, instrument, document or filing required pursuant to any applicable statute, rule or regulation of the State, as the same may be amended from time to time, and may substitute one or more Persons with like power, Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless Mortgagor, if so requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the reasonable judgment of Mortgagee, for that purpose, and as may be designated in such request. Any such sale or sales made under or by virtue of this Article II, whether made under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any and all Persons claiming or who may claim the same, or any part thereof, from, through or under Mortgagor.

(c) In the event of any sale made under or by virtue of this Article II (whether made under or by virtue of judicial proceedings, a judgment or decree of foreclosure or a Power of Sale), the entire principal of, and interest on, the Note, if not previously due and payable, and all other sums required to be paid by Mortgagor pursuant to this Mortgage, any other Loan Document or any Hedging Contract, immediately thereupon, shall, anything in the Note, this Mortgage, any other Loan Document or any Hedging Contract to the contrary notwithstanding, become due and payable.

(d) The purchase money proceeds or avails of any sale made under or by virtue of this Article II, together with any other sums which then may be held by Mortgagee under this Mortgage, whether under the provisions of this Article II or otherwise, shall be applied as follows:

First: To the payment of all Expenses, including without limitation, the costs and expenses of such sale, including, but not limited to, the reasonable compensation to Mortgagee, its agents and counsel, and any sums that may be due under and/or pursuant to any statute, rule, regulation and/or law which imposes any tax, charge, fee and/or levy in connection with and/or arising from the exercise of any right and/or remedy under this Mortgage or the requirement that any sum be paid in order to record and/or file any deed, instrument of transfer or other such document in connection with any such sale and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage, together with interest at the Default Rate on all advances made by Mortgagee and all taxes or assessments, except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold.

Second: To the payment of the whole amount then due, owing or unpaid upon the Note for interest on the unpaid principal, including, without limitation, interest at the Default Rate from and after the happening of any Event of Default from the due date of any such payment of principal until the same is paid.

Third: On a pari passu basis, to the payment of the whole amount then due, owing or unpaid (x) upon the Note for principal, and (y) all Hedging Obligations.

Fourth: To the payment of the whole amount then due, owing or unpaid upon the other Obligations and any other sums required to be paid thereunder with interest on such other Obligations and other sums at the Default Rate from and after the happening of any Event of Default from the due date of any such other Obligations and other sums until the same is paid.

Fifth: To the payment of the whole amount then due, owing or unpaid upon any other note made by Mortgagor held by Mortgagee for principal and interest, with interest on the unpaid principal at the default rate set forth in such other note, if applicable, from and after the happening of any Event of Default described in Section 2.01 from the due date of any such payment of principal until the same is paid.

Sixth: To the payment of any other Obligations and any other sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, the Note or the other Loan Documents or any Hedging Contract.

Seventh: To the payment of the surplus, if any, to Mortgagor.

(e) Upon any sale made under or by virtue of this Article II, whether made under or by virtue of judicial proceedings, a judgment or decree of foreclosure and sale, or a Power of Sale, Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Obligations of Mortgagor secured by this Mortgage the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage.

SECTION 2.03 (a) In case an Event of Default described in Section 2.01 shall have occurred and be continuing, then, upon written demand of Mortgagee, Mortgagor will pay to Mortgagee the whole amount which then shall have become due and payable on the Note, for principal or interest or both, and all amounts due under any Hedging Contract, as the case may be, and after the happening of said Event of Default will also pay to Mortgagee interest at the Default Rate on the then unpaid principal of the Note, and the sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, and in addition thereto such further amount as shall be sufficient to cover all outstanding Expenses including, without limitation, the costs and expenses of collection, including reasonable compensation to Mortgagee, its agents, and counsel and any expenses incurred by Mortgagee hereunder. In the event Mortgagor shall fail forthwith to pay such amounts upon such demand, Mortgagee shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against Mortgagor and collect, out of the property of Mortgagor wherever situated, as well as out of the Mortgaged Property, in any manner provided by law, moneys adjudged or decreed to be payable.

(b) Mortgagee shall be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the provisions of this Mortgage; and the right of Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage along with the amount of any other Obligations, or the foreclosure of the lien hereof; and in the event of a sale of the Mortgaged Property, or any part thereof, and of the application of the proceeds of sale, as in this Mortgage provided, to the payment of the debt hereby secured (including all Obligations), Mortgagee shall be entitled to enforce payment of, and to receive all amounts then remaining due and unpaid upon the Note, the other Loan Documents and the Hedging Contracts and to enforce payment of all other charges, payments and costs due under this Mortgage, the other Loan Documents and the Hedging Contracts and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest at the Default Rate. In case of the commencement of any case against Mortgagor under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect or any proceedings for its reorganization or involving the liquidation of its assets, then Mortgagee shall be entitled to prove the whole amount of principal and interest due upon the Note to the full amount thereof, and all other payments, charges and costs and other Obligations due under this Mortgage, without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Property;

provided, however, that in no case shall Mortgagee receive a greater amount than such principal and interest and such other payments, charges and costs and other Obligations from the aggregate amount of the proceeds of the sale of the Mortgaged Property and the distribution from the estate of Mortgagor.

(c) No recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Mortgagor shall affect in any manner or to any extent, the lien of this Mortgage upon the Mortgaged Property, or any part thereof, of any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(d) Any moneys thus collected by Mortgagee under this Section 2.03 shall be applied to the Obligations by Mortgagee in accordance with the provisions of subsection (d) of Section 2.02.

SECTION 2.04 After the happening of any Event of Default and immediately upon the commencement of any action, suit or other legal proceedings by Mortgagee to obtain judgment for the principal of, or interest on, the Note, and/or all other Obligations and/or other sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, or of any other nature in aid of the enforcement of the Note or of this Mortgage, Mortgagor will (a) consent to the service of process as provided in Section 3.11 hereof and enter its voluntary appearance in such action, suit or proceeding, and (b) if required by Mortgagee, consent to the appointment of a receiver or receivers of the Mortgaged Property, or any part thereof, and of all the earnings, revenues, rents, issues, profits and income thereof.

SECTION 2.05 Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of its property, or of the Mortgaged Property or any part thereof, Mortgagee shall be entitled to retain possession and control of all property now or hereafter held under this Mortgage.

SECTION 2.06 No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. Nothing in this Mortgage shall affect the obligation of Mortgagor to pay the principal of, and interest on, the Note in the manner and at the time and place therein respectively expressed.

SECTION 2.07 Mortgagor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof and Mortgagor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property, or any part thereof, marshaled upon any foreclosure hereof. Mortgagor, for itself and all who may claim under it, further waives and relinquishes (i) all rights to a marshalling of the assets of Mortgagor, including the Mortgaged Property, or to a sale in the inverse order of alienation in the event of a foreclosure of the Mortgaged Property, and agrees not to assert any right under any law pertaining to the marshalling of assets, the sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatsoever to defeat, reduce or affect the right of Mortgagee under the terms of this Mortgage to a sale of the Mortgaged Property without any prior or different resort for collection, or the right of Mortgagee to the payment of the Obligations out of the proceeds of sale of the Mortgaged Property in preference to every other claimant whatsoever, (ii) any right to bring or utilize any defense, counterclaim or setoff; provided, if any defense, counterclaim or setoff is timely raised in a foreclosure action, such defense, counterclaim or setoff shall be dismissed, and (iii) any and all rights and remedies which Mortgagor may have or be able to assert by reason of the provisions of any Laws pertaining to the rights and remedies of sureties.

SECTION 2.08 During the continuance of any Event of Default, and pending the exercise by Mortgagee of its right to exclude Mortgagor from all or any part of the Property, Mortgagor agrees to pay the fair and reasonable rental value for the use and occupancy of the Mortgaged Property, or any part thereof that is in its possession for such period, and upon default of any such payment, will vacate and surrender possession of the Mortgaged Property, or any part thereof, to Mortgagee or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery of possession of the Property for non-payment of rent, however designated.

(End of Article II)

**ARTICLE III**

**Miscellaneous**

SECTION 3.01 In the event any one or more of the provisions contained in this Mortgage or in the Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of Mortgagee, not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

SECTION 3.02 All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes if given or served in accordance with the provisions of Section 15.1 of the Loan Agreement to the addressee(s) and address(es) specified therein (as such address(es) may be changed pursuant to the provisions of Section 15.1 of the Loan Agreement).

SECTION 3.03 All covenants hereof shall be construed as affording to Mortgagee rights additional to and not exclusive of the rights conferred under the provisions of the laws of the State or any other applicable law.

SECTION 3.04 All of the grants, terms, conditions, provisions and covenants of this Mortgage shall run with the land, shall be binding upon Mortgagor and shall inure to the benefit of Mortgagee, for itself and as agent for any Affiliate Counterparty or other Affiliate of Mortgagee holding any Obligations, subsequent holders of this Mortgage and their respective successors and assigns. For the purpose of this Mortgage, the term "Mortgagor" shall include and refer to the mortgagor named herein, any subsequent owner of the Mortgaged Property, or any part thereof, and their respective heirs, executors, legal representatives, successors and assigns. If there is more than one Mortgagor, all their undertakings hereunder shall be deemed joint and several.

SECTION 3.05 Nothing in this Mortgage, the Note or in any other Loan Documents between Mortgagor and Mortgagee shall require Mortgagor to pay, or Mortgagee to accept, interest in an amount which would subject Mortgagee to any penalty or forfeiture under applicable law. In the event that the payment of any charges, fees or other sums due hereunder or under the Note or any other Loan Documents, which are or could be held to be in the nature of interest and which would subject Mortgagee to any penalty or forfeiture under applicable law, then, ipso facto, the obligations of Mortgagor to make such payment shall be reduced to the highest rate authorized under applicable law. Should Mortgagee receive any payment which is or would be in excess of the highest rate authorized under law, such payment shall have been, and shall be deemed to have been, made in error, and shall automatically be applied to reduce the outstanding principal balance of the Obligations.



SECTION 3.06 (a) This Mortgage and all of the terms, covenants, provisions, conditions and grants contained in this Mortgage cannot be altered, amended, waived, modified or discharged orally, and no executory agreement shall be effective to modify, waive or discharge, in whole or in part, anything contained in this Mortgage unless it is in writing and signed by the party against whom enforcement of the modification, alteration, amendment, waiver or discharge is sought.

(b) Any amendment, waiver or consent with respect to this Mortgage that (i) amends or modifies this Section 3.06, (ii) except to the extent that Mortgagee is similarly adversely impacted, modifies any other provision of this Mortgage in a manner that adversely impacts the rights of an Affiliate Counterparty: (x) with respect to the priority hereunder of any security for any Hedging Obligations (including, without limitation, the definitions of Affiliate Counterparty, Obligations, Hedging Contract and Hedging Obligations, and the provisions of Section 2.02(d) hereof), or (y) as an indemnitee hereunder; or (iii) imposes any additional obligations on an Affiliate Counterparty, in each case under this Section 3.06(b) shall, in addition to the consent of Mortgagee, require the consent of any Affiliate Counterparty.

SECTION 3.07 Mortgagor acknowledges that it has received a true copy of this Mortgage.

SECTION 3.08 Time is of the essence as to each of Mortgagor's obligations under this Mortgage.

SECTION 3.09 The information set forth on the cover hereof is hereby incorporated herein.

SECTION 3.10 The Mortgaged Property includes, and shall be deemed to include, inter alia, the Chattels and the Intangibles, regardless of whether they are held or hereafter acquired, by Mortgagor in, to and under the Mortgaged Property. By executing and delivering this Mortgage, Mortgagor has granted, in the same manner and with the same effect described in the Granting Clause hereof, to Mortgagee for itself and as agent for any Affiliate Counterparty or other Affiliate holding any Obligations, as additional security, a security interest in the Chattels and the Intangibles which are subject to the Code. If any Event of Default shall occur, Mortgagee shall have, in addition to any and all other rights and remedies set forth in this Mortgage and any other Loan Document, and may exercise without demand, any and all rights and remedies granted to a secured party under the Code, including, but not limited to, the right to take possession of the Chattels and the Intangibles, or any part thereof, and the right to advertise and sell the Chattels and the Intangibles, or any part thereof, pursuant to and in accordance with the power of sale provided for in this Mortgage. Mortgagor agrees that any notice of sale or other action intended by Mortgagee with respect to the Chattels and the Intangibles, or any part thereof, shall constitute reasonable notice if it is sent to Mortgagor not less than ten (10) days prior to any such sale or intended action. The proceeds of any such sale of the Chattels and the Intangibles, or any part thereof, shall be applied in the manner set forth in of Section 2.02 (d) of this Mortgage.

SECTION 3.11 The enforcement of this Mortgage shall be governed, construed and interpreted by the laws of the State (without giving effect to the State's principles of conflicts of law).

SECTION 3.12 By inspecting the Property or other Mortgaged Property, or by accepting or approving anything required to be observed, performed or fulfilled by Mortgagor or to be given to Mortgagee pursuant to this Mortgage or any of the other Loan Documents or any Hedging Contract, Mortgagee shall not be deemed to have warranted or represented the condition, sufficiency, legality, effectiveness or legal effect of the same, and such acceptance or approval shall not constitute any warranty or representation with respect thereto by Mortgagee.

SECTION 3.13 Mortgagor and Mortgagee shall upon a mutual agreement to do so execute such documents as may be necessary in order to effectuate the modification of this Mortgage, including the execution of substitute mortgages, so as to create two or more coordinate liens on the Mortgaged Property or a portion thereof in such amounts as may be mutually agreed upon but in no event to exceed, in the aggregate, the Mortgage Amount, together with all other Obligations secured by this Mortgage. Mortgagor shall pay all costs in connection with said modification, including, but not limited to, title examination costs, title insurance premiums, charges, and any mortgage recording taxes. Nothing contained herein shall require Mortgagee to execute said documents if the property encumbered by said coordinate mortgages shall be less than the property mortgaged hereby.

SECTION 3.14 If Mortgagor consists of two (2) or more Persons, the term "Mortgagor" shall refer to all Persons signing this Mortgage as Mortgagor, and to each of them, and all of them are jointly and severally bound, obligated, and liable hereunder. Mortgagee may release, compromise, modify or settle with any of Mortgagor, in whole or in part, without impairing, lessening or affecting the obligations and liabilities of the others of Mortgagor hereunder or under any of the Loan Documents or any Hedging Contract. Any of the acts mentioned aforesaid may be done without the approval or consent of, or notice to, any of Mortgagor.

**SECTION 3.15 MORTGAGOR, AND BY ITS ACCEPTANCE HEREOF, MORTGAGEE, MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST IN RESPECT OF ANY LITIGATION BASED ON THIS MORTGAGE, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE AND CONSTITUTES A MATERIAL INDUCEMENT FOR MORTGAGOR AND MORTGAGEE TO ENTER INTO THE TRANSACTIONS CONTEMPLATED HEREBY. MORTGAGOR AND MORTGAGEE ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.**

**SECTION 3.16 MORTGAGOR HEREBY EXPRESSLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY OR ON BEHALF OF MORTGAGEE ON THIS MORTGAGE, ANY AND EVERY RIGHT MORTGAGOR MAY HAVE (I) TO OBJECT TO THE JURISDICTION OR VENUE OF ANY STATE COURT IN HILLSBOROUGH COUNTY OR ANY FEDERAL COURT LOCATED IN THE STATE , (II) TO INJUNCTIVE RELIEF, (III) TO INTERPOSE ANY COUNTERCLAIM THEREIN (OTHER THAN COMPULSORY COUNTERCLAIMS), AND (IV) TO HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT MORTGAGOR FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST MORTGAGEE WITH RESPECT TO ANY ASSERTED CLAIM. THE FOREGOING WAIVERS ARE GIVEN KNOWINGLY AND VOLUNTARILY BY MORTGAGOR. MORTGAGEE IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF ANY OR ALL OF THE FOREGOING WAIVERS.**

SECTION 3.17 Mortgagee, in its sole discretion, shall have the right to announce and publicize relevant information with respect to the financing secured by this Mortgage, as it deems appropriate or desirable, by means and media selected by Mortgagee, including, but not limited to, newspapers, magazines, trade publications and the like. Such publicity may, at Mortgagee's discretion, include all pertinent information relating to the Note, the Loan Agreement, the Mortgage and the Property including, without limitation, the term, purpose, interest rate, Mortgage Amount, name of Mortgagor and Mortgagee, location of the Property and the nature of any Improvements. The form and content of the published information shall be in the sole discretion of Mortgagee. All expenses related to such publicity shall be the sole responsibility of Mortgagee.

SECTION 3.18 Mortgagor hereby indemnifies Mortgagee and any Affiliate Counterparty and any other of its Affiliates (including their respective agents and representatives) and holds Mortgagee and any Affiliate Counterparty and any other of its Affiliates (including their respective agent and representatives) harmless from and against any and all Claims and Expenses directly or indirectly arising out of or resulting from any transaction, act, omission, event or circumstance in any way connected with the Loan, other Obligations, the Mortgaged Property, the Loan Documents or any Hedging Contract, including, without limitation, any Claim arising out of or resulting from any assertion or allegation that Mortgagee or any Affiliate Counterparty or any other Affiliate of Mortgagee is liable for any act or omission of Mortgagor or any other Person in connection with the ownership, development, financing, operation or sale of the Mortgaged Property, or any part thereof; provided, however, that Mortgagor shall not be obligated to indemnify Mortgagee or any Affiliate Counterparty or any other Affiliate of Mortgagee with respect to any Claim that is determined by a final non-appealable order or judgment as arising solely from the gross negligence or willful misconduct of

Mortgagee or any Affiliate Counterparty or any other of its Affiliates, or any of their respective agents or representatives to the extent that such gross negligence or willful misconduct is determined by the final judgment of a court of competent jurisdiction, not subject to further appeal, in proceedings to which such Mortgagee, or any Affiliate Counterparty or any other Affiliates of Mortgagee or any of their respective agents or representatives is a proper party. The agreements and indemnifications contained in this Section shall apply to Claims arising both before and after the repayment of the Loan and the Hedging Obligations and shall survive the repayment of the Loan and any Hedging Obligations, any foreclosure or deed in lieu thereof and any other action by Mortgagee or any Affiliate Counterparty or any other Affiliates of Mortgagee to enforce the rights and remedies of Mortgagee or any Affiliate Counterparty or any other Affiliate Counterparty or any other Affiliate of Mortgagee hereunder or under the other Loan Documents or under any Hedging Contract.

SECTION 3.19 This Mortgage may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same mortgage.

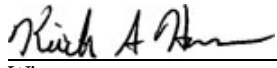
SECTION 3.20 Mortgagor and Mortgagee acknowledge and agree that an Affiliate Counterparty or other Affiliate of Mortgagee may be providing a Hedging Contract as an accommodation to the Mortgagor; accordingly, it is intended by the parties that all Hedging Obligations shall be secured by this Mortgage and Mortgagee, as agent for such Affiliate Counterparty or other Affiliate, shall collect and pay over to such Affiliate Counterparty or other Affiliate amounts received from Mortgagor and/or the collateral to satisfy the Hedging Obligations in the manner and order set forth in this Mortgage and the other Loan Documents. The parties acknowledge that Mortgagee has the right to acquire a participation or other interest in the Hedging Obligations to facilitate the collateralization of the same.

(End of Article III)

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, this Mortgage has been duly executed by Mortgagor as of the day and year first above written.

Signed, Sealed and Delivered  
In the Presence of:



Witness: \_\_\_\_\_

MORTGAGOR:

UNITIL REALTY CORP.

By: /s/ Todd R. Diggins

Name: Todd R. Diggins

Title: Treasurer

MORTGAGEE:

TD Bank, N.A.

By: /s/ Timothy J. Whitaker

Name: Timothy J. Whitaker

Title: Director

[Signature Page to Mortgage and Security Agreement]

ACKNOWLEDGEMENT

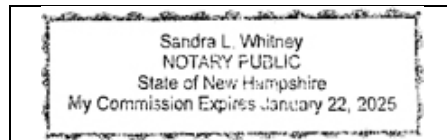
STATE OF NEW HAMPSHIRE  
COUNTY OF Rockingham

The foregoing Instrument was acknowledged before me this 16<sup>th</sup> day of December, 2020, by Todd R. Diggins, duly authorized Treasurer of UNITIL REALTY CORP., a New Hampshire corporation, on behalf of the same.

/s/ Sandra L. Whitney

Notary Public  
My Commission Expires: 1/22/25  
Seal

Affix Seal/  
Stamp within  
box



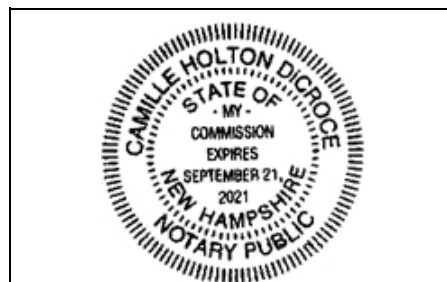
STATE OF NEW HAMPSHIRE  
COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me this 16<sup>th</sup> day of December, 2020, by Timothy J. Whitaker, duly authorized Director of TD BANK, N.A., a national banking association, on behalf of the same.

/s/ Camille Holton Dicroce

Notary Public  
My Commission Expires: 9/21/21  
Seal

Affix Seal/  
Stamp within  
box



**SCHEDULE A**

**Legal Description**

Unitil-6 Liberty Lane West

A certain tract of land with all improvements thereon, located in Hampton, Rockingham County, New Hampshire, shown as Parcel 2 on a certain plan entitled, "Subdivision Plan for Asset Title Holding, Inc., Liberty Lane West, County of Rockingham, Hampton, NH" by Richard P. Millette and Associates, dated November 11, 1994, last revised December 22, 1994, recorded in the Rockingham County Registry of Deeds as Plan No. D-23674 (the "Plan"), and more particularly bounded and described as follows:

Beginning at an iron rod in the southerly sideline of Timber Swamp Road, said rod being the northwesterly corner of the parcel herein conveyed;

thence proceeding along the said southerly sideline of Timber Swamp Road N 64° -28' -10" E, a distance of 52.71 feet, to an iron rod;

thence proceeding N 67° -02' -20" E along the said southerly sideline of Timber Swamp Road, a distance of 139.81 feet to an iron rod;

thence continuing along the southerly sideline of Timber Swamp Road N 58° -47' -30" E, a distance of 500.53 feet to an iron pipe found at the northeasterly corner of the herein described premises at land now or formerly of Asset Title Holding, Inc.;

thence turning and running along land of said Asset Title Holding, Inc. S 26° -49' -00" E, a distance of 635.45 feet to an iron rod at other land of said Asset Title Holding, Inc.;

thence continuing along said other land of Asset Title Holding, Inc. S 26° -49' -00" E, a distance of 29.19 feet to an iron rod at the southeasterly corner of the herein described premises;

thence turning and running S 84° -36' -16" W, still along other land of Asset Title Holding, Inc., a distance of 36.33 feet to an iron rod;

thence proceeding along a curve to the left which has a radius of 770.00 feet, an arc length of 615.06 feet, along said other land of Asset Title Holding, Inc., to an iron rod;

thence proceeding along a curve to the right which has a radius of 305.00 feet, an arc length of 146.18 feet to an iron rod;

thence proceeding S 66° -17' -57" W, a distance of 162.03 feet to an iron rod;

thence proceeding along a curve to the right which has a radius of 25.00 feet, an arc length of 39.27 feet to an iron rod;

thence proceeding N 23° -42' -03" W, a distance of 124.58 feet to an iron rod;

thence proceeding along a curve to the right which has a radius of 305.00 feet, an arc length of 123.55 feet to an iron rod;

thence proceeding N 00° -29' -28" W, a distance of 190.96 feet to an iron rod;

thence proceeding along a curve to the right which has a radius of 55.00 feet, an arc length of 40.19 feet to an iron rod;

thence proceeding along a curve to the left which has a radius of 145.00 feet, an arc length of 169.32 feet to an iron rod;

thence proceeding N 25° -31' -50" W, a distance of 33.75 feet to an iron rod;

thence proceeding along a curve to the right which has a radius of 25.00 feet, an arc length of 39.27 feet to an iron rod at the southerly sideline of said Timber Swamp Road at the point of beginning, the last ten mentioned courses being along the land of said Asset Title Holding, Inc.

Said parcel containing 531,627 square feet (12.20 acres).

Together with a perpetual nonexclusive easement, in common with others, to (a) use, maintain, repair and replace the common access road serving the premises granted and conveyed hereby, as currently located on Parcel 1 of the Plan (such access road being shown on the Plan as "Paved Drive" and "Access Road Area") and, (b) install, use, maintain, repair, replace and add utilities (including water, sewer, drainage, electricity, telephone, gas, fire alarm and security systems) serving the premises granted and conveyed hereby and located within or on either side of such common access road.



**MORTGAGE LOAN NOTE****Date of Note:** December 18, 2020**Principal Amount:** \$4,720,000**Definitions**

**Business Day:** Any day (other than Saturday, Sunday, federal holiday, or a day on which commercial banks in the State are required or permitted to close) on which Lender is open and conducting its customary banking transactions

**Default Rate:** A rate of interest equal to the Interest Rate provided herein plus six (6%) percent per annum, but in no event to exceed the maximum rate allowed by law.

**Interest Rate:** A fixed rate of two and sixty-four hundredths (2.64%) percent per annum.

**Maturity Date:** December 18, 2030

**State:** The State of New Hampshire

**FOR VALUE RECEIVED**, UNITIL REALTY CORP., a New Hampshire corporation (the “**Borrower**”), having an address as indicated below, **HEREBY PROMISES TO PAY** to the order of TD Bank, N.A., a national banking association, (hereinafter, together with its successors and assigns, referred to as the “**Lender**”) at **P.O. Box 5600, Lewiston, Maine, 04243-5600**, or at such other place as the holder hereof may from time to time designate in writing, in immediately available federal funds, the Principal Amount, which Principal Amount shall be due and payable on the Maturity Date, together with interest on the outstanding Principal Amount from time to time at the Interest Rate.

Borrower will pay the Principal Amount in one hundred twenty (120) consecutive monthly payments of principal in the amount of \$19,666.67 plus all accrued but unpaid interest. Such payments shall be due on the first day of each month commencing January 1, 2021 until the Maturity Date, at which time the entire unpaid balance of the Principal Amount shall be due and payable, together with all accrued but unpaid interest.

Borrower hereby authorizes Lender to charge checking account number 9247256632 at TD Bank, N.A. (or such other account maintained by Borrower at TD Bank, N.A. as Borrower shall designate by written notice to Lender) (the “**Deposit Account**”) to satisfy the monthly payments of principal and/or interest due and payable to Lender

hereunder on the first (1st) day of each month (each, a "Charge Date") and Lender is hereby authorized to charge the Deposit Account on each Charge Date or, if any Charge Date shall fall on a Saturday, Sunday or legal holiday, then the Lender reserves the right to charge the Deposit Account on either the first (1<sup>st</sup>) Business Day (as hereafter defined) immediately preceding or on the first (1<sup>st</sup>) Business day immediately following any such Charge Date until the Note shall be paid in full.

Borrower agrees to maintain sufficient funds in the Deposit Account to satisfy the payment due Lender under the Note on each Charge Date during the term of the Loan. If sufficient funds are not available in the Deposit Account on any Charge Date to pay the amounts then due and payable under this Note, Lender is, in its sole discretion authorized to: (a) charge the Deposit Account for such lesser amount as shall then be available; and/or (b) charge the Deposit Account on such later date or dates that funds shall be available in the Deposit Account to satisfy the payment then due (or balance of such payment then due). Notwithstanding the foregoing, Borrower shall only be entitled to receive credit in respect of any payments of principal and interest due under the Note for funds actually received by Lender as a result of any such charges to the Deposit Account. Borrower shall be liable to Lender for any late fees or interest at the Default Rate on any payments not made on a timely basis by Borrower because of insufficient funds in the Deposit Account on any Charge Date. In the event the Deposit Account continues to contain insufficient funds to fully satisfy the payments due Lender under the Note, Borrower shall be responsible for making all such payments from another source and in no event shall the obligations of Borrower under the Note be affected or diminished as a result of any shortages in the Deposit Account, it being understood and agreed that Borrower shall at all times remain liable for payment in full of all indebtedness under the Note.

Lender may, at Lender's sole discretion, discontinue charging the Deposit Account at any time on not less than ten (10) days' written notice to the Borrower, in which event, Borrower shall thereafter be responsible for making all payments hereunder to Lender at the address set forth in Lender's notice or if no such address is given, then to Lender at P.O. Box 5600, Lewiston, Maine, 04243-5600.

The Borrower and each endorser of the Note grant to the Lender, for itself and as agent for any Affiliate Counterparty or other Affiliate of Lender holding any Obligations, a continuing lien on and security interest in any and all deposits or other sums at any time credited by or due from the Lender or any Affiliate Counterparty or other Affiliate of Lender to the Borrower and/or each endorser of the Note and any cash, securities, instruments, or other property of the Borrower and each endorser of the Note in the possession of the Lender or any Affiliate Counterparty or other Affiliate of Lender whether for safekeeping or otherwise, or in transit to or from the Lender or any Affiliate Counterparty or other Affiliate of Lender (regardless of the reason the Lender or any Affiliate Counterparty or other Affiliate of Lender had received the same or whether the Lender or any Affiliate Counterparty or other Affiliate of Lender has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower and/or the endorser of the Note to the Lender or any Affiliate Counterparty

or other Affiliate of Lender and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower or any endorser of the Note to the Lender or any Affiliate Counterparty or other Affiliate of Lender at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Lender or any Affiliate Counterparty or other Affiliate of Lender.

Notwithstanding anything to the contrary herein, whenever any payment to be made under this Note shall be stated to be due on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computations of payment of interest.

In the event any payment provided for herein or in any other Loan Document (as defined in the Loan Agreement as defined below) shall become overdue for a period in excess of fifteen (15) days, a late charge of six cents (\$.06) for each dollar (\$1.00) so overdue shall become immediately due and payable to Lender. Each such late charge shall be deemed to be part of the indebtedness and obligations secured by the Mortgage.

This Note is secured by, and the holder is entitled to the benefits and security of, that certain Loan Agreement (the "**Loan Agreement**") and that certain Mortgage and Security Agreement from Borrower, as mortgagor, to Lender, as mortgagee, encumbering, among other things, certain real property and improvements described in the Mortgage (the "**Mortgage**"), each dated the date hereof, all of the covenants, conditions and agreements of the Loan Agreement and Mortgage being made a part of this Note by this reference.

Upon the occurrence of any Event of Default (as defined in the Loan Agreement), Lender may exercise any and all rights and remedies under the Loan Documents (including without limitation, rights to accelerate the Loan), or available at law or equity, or both. Borrower shall be obligated to reimburse Lender for all Expenses (as defined and provided for in the Loan Agreement), incurred by Lender. From and after the occurrence of any Event of Default, the interest rate of this Note shall be at the Default Rate.

In no event shall the total of all charges payable under this Note, the Loan Agreement and the Mortgage and any other documents executed and delivered in connection herewith and therewith that are or could be held to be in the nature of interest exceed the maximum rate permitted to be charged by applicable law. Should Lender receive any payment that is or would be in excess of that permitted to be charged under any such applicable law, such payment shall have been, and shall be deemed to have been, made in error and shall thereupon be applied to reduce the principal balance outstanding on this Note.

This Note may be prepaid, in whole or in part without Prepayment Premium, so long as (i) Lender is given not less than five (5) Business Days' notice of such prepayment, (ii) each prepayment is accompanied by the payment of accrued and unpaid

interest on the principal amount prepaid together with all late charges and other losses, costs and expenses attributable to such prepayment (iii) each partial prepayment is in the principal amount of \$10,000 or an integral multiple thereof and (iv) each prepayment is made in immediately available federal funds. All partial prepayments shall be applied to the installments of principal due hereunder in the inverse order of their maturity.

Borrower waives demand, presentment for payment, notice of dishonor, protest and notice of protest of this Note.

Any notice, demand or request relating to any matter set forth in this Note shall be given in the manner provided for in the Loan Agreement. Time is of the essence as to all dates set forth herein.

This Note may not be waived, changed, modified, terminated or discharged orally, but only by an agreement in writing signed by the party against whom enforcement of any such waiver, change, modification, termination or discharge is sought.

**BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST IN RESPECT OF ANY LITIGATION BASED ON THIS NOTE, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE CONSTITUTES A MATERIAL INDUCEMENT FOR BORROWER AND LENDER TO ENTER INTO THE TRANSACTIONS CONTEMPLATED HEREBY. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.**

**BORROWER HEREBY EXPRESSLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY OR ON BEHALF OF LENDER ON THIS NOTE, ANY AND EVERY RIGHT BORROWER MAY HAVE (I) TO OBJECT TO THE JURISDICTION OR VENUE OF ANY STATE COURT SITTING IN ROCKINGHAM COUNTY OR ANY FEDERAL COURT LOCATED IN THE STATE, (II) TO INJUNCTIVE RELIEF, (III) TO INTERPOSE ANY COUNTERCLAIM THEREIN (OTHER THAN COMPULSORY COUNTERCLAIMS), AND (IV) TO HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. THE FOREGOING WAIVERS ARE GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF ANY OR ALL OF THE FOREGOING WAIVERS.**

This Note and the rights and obligations of the parties hereunder shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State (without giving effect to the State's principles of conflicts of law).

This Note evidences a loan for business and commercial purposes, and not for personal, family or household purposes. No invalidity or unenforceability of any portion of this Note shall affect the validity or enforceability of the remaining portions hereof. This Note shall take effect as a sealed instrument, as of the date first set forth above, regardless of the actual date of execution and delivery.

**Borrower explicitly consents to the electronic delivery of the terms of the transaction evidenced by this instrument. Borrower agrees that its present intent to be bound by this instrument may be evidenced by transmission of digital images of signed signature pages via facsimile, email, SMS or other digital transmission and affirms that such transmission indicates a present intent to be bound by the terms of this instrument and is deemed to be valid execution and delivery as though an original ink or electronic signature. Borrower shall deliver original executed signature pages to Lender, but any failure to do so shall not affect the enforceability of this instrument. An electronic image of this instrument (including signature pages) shall be as effective as an original for all purposes.**

[NO FURTHER TEXT ON THIS PAGE]

**IN WITNESS WHEREOF**, the Borrower has executed and delivered this Note on the Date of Note.

Address:

6 Liberty Lane West  
Hampton, New Hampshire 03842

Borrower:

UNITIL REALTY CORP.

By: /s/ Todd R. Diggins  
Name: Todd R. Diggins  
Title: Treasurer

[Signature Page to Mortgage Loan Note]

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT  
TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2020, Unital Corporation (the "Registrant") had one class of common stock registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The following is a description of our common stock. This description is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Articles of Incorporation, as amended (the "Articles of Incorporation"), and our By-Laws, as amended (the "By-Laws"), each of which is incorporated herein by reference as an exhibit to the Annual Report on Form 10-K filed with the Securities and Exchange Commission. We encourage you to read our Articles of Incorporation, our Bylaws and the applicable provisions of the laws of the State of New Hampshire.

**Authorized Capital Stock**

Our authorized capital stock consists of 25,000,000 shares of common stock, no par value.

**Dividend Rights**

Under our Articles of Incorporation, holders of our common stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors. We may pay dividends on our common stock from any funds, property or shares legally available for such purpose.

**Voting Rights**

Holders of our common stock are entitled to one vote per share on all matters requiring approval of holders of our common stock. Holders of common stock have the exclusive right to vote for the election of directors and for any other purpose or any other subject and to be represented at and to receive notice of any meeting of shareholders.

**No Cumulative Voting**

Holders of our common stock do not have cumulative voting rights.

Cumulative voting rights allow a stockholder to multiply the number of votes the stockholder is entitled to cast by the number of directors for whom the stockholder is entitled to vote and to cast the product for a single candidate or distribute the product among two or more candidates. Without cumulative voting, a minority stockholder may not be able to elect as many candidates to our Board of Directors as the stockholder would be able to elect if cumulative voting were permitted. Also, without cumulative voting, a minority stockholder may have less influence on the decisions of our Board of Directors (including with respect to a possible change in control or takeover of the Registrant).

**Board of Directors Classification**

Our Board of Directors is divided into three classes, each class to be as nearly equal in number as possible as determined by the Board of Directors, with a minimum of nine directors total, and maximum of 15 directors total. The terms of the directors in each class will expire in successive years. Directors are elected by ballot for a term of three years. Vacancies on our Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors. A director elected to fill a vacancy is elected for the unexpired term of his predecessor in office.

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**Preemptive Rights**

The holders of our common stock have no preemptive rights to purchase additional shares of our common stock or any of our other securities.

**Liquidation Rights**

In the event that we are liquidated, after payment of our debts and liabilities, the holders of our common stock are entitled to share equally in the balance of our remaining assets, if any.

**Preferred Shares**

We are not authorized to issue any shares of preferred stock.

**Provisions of Our Articles of Incorporation and By-Laws That Could Delay, Defer or Prevent a Change in Control**

Certain provisions in our Articles of Incorporation and By-Laws may delay, defer or make more difficult unsolicited acquisitions or changes of control of the Registrant. We believe that such provisions will enable us to develop our business in a manner that will foster our long-term growth without disruption caused by the threat of a takeover not deemed by our Board of Directors to be in the best interest of the Registrant and our shareholders.

The provision in our Articles of Incorporation relating to classification of the Board of Directors could have the effect of making it difficult and time-consuming to change majority control of the Board of Directors. Such a change in control could take up to two annual meetings of shareholders to effect. As a result, this provision could limit the vulnerability of the Registrant to an unsolicited proposal to acquire the Registrant or its assets. Takeovers which are proposed and effected without prior consultation and negotiation with management are not necessarily detrimental to a company and its shareholders. The difficulties, if any, which may exist in effecting a change in control of the Registrant's Board of Directors could benefit the Registrant by protecting the Board of Directors' ability to negotiate with the proponent of an unfriendly or unsolicited takeover proposal.

Our Articles of Incorporation provide that shares of common stock when duly authorized may be issued from time to time for such consideration as may be fixed by the Board of Directors. Under the laws of the State of New Hampshire and our Articles of Incorporation and By-Laws, we can issue additional shares of common stock without further approval of our shareholders; however, the New York Stock Exchange requires that we obtain shareholder approval for certain issuances of common stock in excess of 20% of the amount outstanding prior to the issuance.

Our By-Laws require advance notice for annual and special meetings, which notices are always required to state the purposes for which the meetings are called. Our By-Laws also require advance notice of business proposed by shareholders and nominations of directors by shareholders. In addition, our Board of Directors may make, amend or repeal our By-Laws in whole or in part, except with respect to any provision thereof which by statute or by the Articles of Incorporation requires action by our shareholders.

We are a public utility holding company under the laws of the State of New Hampshire. Section 374:33 of the New Hampshire Revised Statutes provides that no public utility or public utility holding company may directly or indirectly acquire more than 10 percent of the stocks or bonds of another public utility holding company incorporated or doing business in the State of New Hampshire, without the approval of the Public Utilities Commission of New Hampshire.



**AMENDMENT TO  
UNITIL CORPORATION TAX DEFERRED SAVINGS AND INVESTMENT PLAN**

**WHEREAS**, Unitil Corporation (the “Employer”) sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the “Plan”); and

**WHEREAS**, the Employer reserved the right to amend the Plan; and

**WHEREAS**, the Employer desires to amend the Plan to modify (i) the in-service hardship withdrawal provision to reflect both elected optional provisions and required provisions of final Treasury regulations issued in September 2019; and (ii) the definitions of Fail Safe Contribution and Qualified Matching Contributions;

**NOW, THEREFORE**, the Plan is hereby amended, effective for hardship distributions on or after January 1, 2020, except as otherwise set forth herein, as follows:

1. Effective January 1, 2020, Section 1.12 of the Plan is amended by deleting said section in its entirety and substituting the following in lieu thereof:

**“1.12 “FAIL-SAFE CONTRIBUTION” shall mean a qualified nonelective contribution which is a contribution (other than matching contributions or Qualified Matching Contributions (within the meaning of Section 10.2)) made by the Employer and allocated to Participants’ Accounts that the Participants may not elect to receive in cash until distribution from the Plan; that is nonforfeitable when allocated to a Participant’s Account, and subject to the distribution limitations under Treasury Regulation Section 1.401(k)-1(d) of the Code.”**

2. Section 8.2 of the Plan is amended by adding the following to the end thereof:

“Notwithstanding the foregoing to the contrary, all of the following special rules shall apply:

- (A) A Participant shall not be prohibited from making elective deferrals (within the meaning of Section 4.1) or any after-tax contributions (within the meaning of Section 4.5) to the Plan, and all other plans maintained by the Employer (except as otherwise provided in such plans), after a hardship distribution.
- (B) Effective for distributions on or after January 14, 2019 (or, if later, the date the Plan commenced using John Hancock Retirement Plan Services, LLC hardship distribution forms), the reason set forth in subsection (f) above shall instead be determined as follows: (f) repair damage to the Participant’s principal residence that would qualify for a casualty loss deduction under Section 165 of the Code (determined without regard to whether the loss exceeds ten percent (10%) of adjusted gross income, and determined without regard to Section 165(h) (5) of the Code).
- (C) The standard for determining whether a hardship distribution is necessary to satisfy an immediate and heavy financial need is changed to the following:
  - (1) The distribution is not in excess of the amount of the immediate and heavy financial need of the Participant;
  - (2) The Participant has obtained all currently available distributions (including distributions of ESOP dividends under Section 404(k) of the Code), but not

hardship distributions, under the Plan and all other plans of deferred compensation, whether qualified or nonqualified, maintained by the Employer, and all nontaxable (at the time of the loan) loans currently available under the Plan; and

(3) The Participant represents, in accordance with procedures established by the Administrator, that he has insufficient cash or other liquid assets reasonably available to satisfy the financial need. The Administrator may rely on the Participant's representation unless the Administrator has actual knowledge to the contrary."

3. Effective January 1, 2020, Section 10.2(a) of the Plan is amended by deleting the second paragraph thereof in its entirety and substituting the following in lieu thereof:

"For purposes of this Section, "Qualified Matching Contributions" shall mean matching contributions that are nonforfeitable, and subject to the distribution limitations under Treasury Regulation Section 1.401(k)-1(d) of the Code, when allocated to Participants' Accounts under the Plan."

4. Except as hereinabove amended, the provisions of the Plan shall continue in full force and effect.

**IN WITNESS WHEREOF**, the Employer, by its duly authorized officer, has caused this Amendment to be executed on the 28th day of October 2020.

**UNITIL CORPORATION**

By: /s/ Robert B. Hevert

**UNITIL CORPORATION**

**Compensation of Directors**

On October 28, 2020, the Board of Directors of Unitil Corporation (“Unitil”) approved and adopted a revised compensation arrangement for members of the Board of Directors. The revised compensation arrangement became effective as of January 1, 2021.

The revised compensation arrangement applies to members of the Board of Directors who are not employees of Unitil or any of its subsidiaries.

The following table summarizes the material terms of the revised compensation arrangement.

<b>Category</b>	<b>Description</b>	<b>Amount</b>
Board of Directors— Annual Cash Retainer	Each member of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	\$65,000 per year
Board of Directors— Annual Equity Retainer	Each member of the Board of Directors will receive an annual equity retainer. Unitil will issue the equity retainer on the first business day of October each year. Each member of the Board may elect to receive restricted stock units (with any phantom dividends reinvested in additional restricted stock units), in lieu of Unitil’s common stock, as his or her annual equity retainer.	\$70,000 per year (payable in kind as common stock or restricted stock units)
Board of Directors— Lead Director—Annual Cash Retainer Premium	The Lead Director of the Board of Directors will receive an annual cash retainer premium. Unitil will pay one-fourth of the annual cash retainer premium on the first business day of each fiscal quarter.	\$25,000 per year
Board of Directors— Special Meetings	Each member of the Board of Directors will receive a fee for each special meeting of the Board of Directors that such member attends.	\$2,000 per special meeting

Audit, Compensation, Nominating and Governance, and Pension Committees—Annual Cash Retainer for Chair	Each chair of the Audit, Compensation, Nominating and Governance, and Pension committees of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	\$16,000 per committee per year
Audit, Compensation, Nominating and Governance, and Pension Committees—Annual Cash Retainer for Non-Chair Members	Each non-chair Board member who serves on the Audit, Compensation, Nominating and Governance, and/or Pension committees of the Board of Directors will receive an annual cash retainer for each committee upon which he or she serves. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	\$6,000 per committee per year
Executive Committee—Meetings	Each member of the Executive Committee will receive a fee for each meeting of the Executive Committee that such member attends.	\$1,500 per meeting

In addition, Unitil will reimburse each member of the Board of Directors for reasonable expenses that such member incurs in connection with attending meetings of the Board of Directors or committees thereof.

## UNITIL CORPORATION

## COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	2020	2019	2018
<b>EARNINGS PER SHARE (000's, except per share data)</b>			
Net Income	\$ 32,166	\$ 44,238	\$ 33,041
Less: Dividend Requirements on Preferred Stock	11	11	11
Net Income Applicable to Common Stock	\$ 32,155	\$ 44,227	\$ 33,030
Average Number of Common Shares Outstanding—Basic	14,951	14,894	14,824
Dilutive Effect of Stock Options and Restricted Stock	1	6	5
Average Number of Common Shares Outstanding—Diluted	14,952	14,900	14,829
Earnings Per Share—Basic	\$ 2.15	\$ 2.97	\$ 2.23
Earnings Per Share—Diluted	\$ 2.15	\$ 2.97	\$ 2.23

**Subsidiaries of Registrant**

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the Commonwealth of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, was a wholly-owned subsidiary of Unitil Resources, Inc. and was divested of by the Company in the first quarter of 2019. Usource, Inc. is the sole member of Usource L.L.C., which is a limited liability company formed under the laws of the State of Delaware and was also divested of by the Company in the first quarter of 2019.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-168394 on Form S-3 and Nos. 333-234391 and 333-184849 on Form S-8 of our report dated February 2, 2021, relating to the consolidated financial statements of Unifil Corporation and subsidiaries and the effectiveness of Unifil Corporation and subsidiaries' internal control over financial reporting appearing in this Annual Report on Form 10-K of Unifil Corporation for the year ended December 31, 2020.

/s/ Deloitte and Touche LLP  
Boston, Massachusetts  
February 2, 2021

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

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

- 1) I have reviewed this annual report on Form 10-K 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: February 2, 2021

/s/ Thomas P. Meissner, Jr.

Thomas P. Meissner, Jr.

Chief Executive Officer and President



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

I, Robert B. Hevert, certify that:

- 1) I have reviewed this annual report on Form 10-K 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: February 2, 2021

/s/ Robert B. Hevert  
Robert B. Hevert  
Chief Financial Officer

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

I, Daniel J. Hurstak, certify that:

- 1) I have reviewed this annual report on Form 10-K 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: February 2, 2021

/s/ Daniel J. Hurstak

Daniel J. Hurstak

Chief Accounting Officer

**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 Annual Report of Unifil Corporation (the "Company") on Form 10-K for the year ended December 31, 2020 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 and President, Robert B. Hevert, Chief Financial Officer and Daniel J. Hurstak, 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.

Signature	Capacity	Date
<u>/s/ Thomas P. Meissner, Jr.</u> Thomas P. Meissner, Jr.	Chief Executive Officer and President	February 2, 2021
<u>/s/ Robert B. Hevert</u> Robert B. Hevert	Chief Financial Officer	February 2, 2021
<u>/s/ Daniel J. Hurstak</u> Daniel J. Hurstak	Chief Accounting Officer	February 2, 2021

**FOR RELEASE****Unitil Reports Year-end Earnings**

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**HAMPTON, N.H., FEBRUARY 2, 2021** — Unitil Corporation (NYSE: UTL) (www.unitil.com) today announced Net Income of \$32.2 million, or \$2.15 in Earnings Per Share, for the year ended December 31, 2020, a decrease of \$12.0 million, or \$0.82 per share, compared to 2019. In the first quarter of 2019, the Company recognized a one-time net gain of \$9.8 million, or \$0.66 per share, on the Company's divestiture of its non-regulated business subsidiary, Usource. The Company's earnings in 2020 reflect higher gas and electric sales margins and higher operating expenses. The Company estimates that warmer than normal weather negatively affected Net Income by approximately \$3.1 million, or \$0.20 per share, in 2020. Additionally, the Company estimates that the coronavirus pandemic negatively affected Net Income by approximately \$1.4 million, or \$0.09 per share, in 2020. The Company's GAAP Gas and Electric Gross Margins were \$92.8 million and \$69.1 million, respectively, for 2020 including the impact on margins of the COVID-19 pandemic.

"While meeting the challenges of the COVID-19 pandemic, our Company achieved solid results both operationally and financially," said Thomas P. Meissner, Jr., Unitil's Chairman and Chief Executive Officer. "We continued to provide uninterrupted and exceptional service to our customers throughout the pandemic, as evidenced by our customer satisfaction rating of over 90%."

Gas Adjusted Gross Margin (a non-GAAP measure<sup>1</sup>) was \$122.6 million in 2020, an increase of \$0.4 million compared to 2019. The increase was driven by higher rates of \$5.1 million and customer growth of \$1.8 million, largely offset by unfavorable effects of \$4.4 million from lower sales due to warmer weather in 2020, and \$2.1 million attributed to lower sales associated primarily with the economic slowdown caused by the coronavirus pandemic.

Gas therm sales decreased 7.5% in 2020 compared to 2019. The decrease in overall gas therm sales in the Company's service areas reflects warmer weather in 2020 compared to 2019, as well as lower sales to Commercial and Industrial (C&I) customers, primarily in the second, third and fourth quarters, due to the economic slowdown caused by the coronavirus pandemic. These negative effects on 2020 gas therm sales were partially offset by customer growth. As of December 31, 2020, the number of gas customers served increased by 1,663, including seasonal accounts, over the previous year. Based on weather data collected in the Company's gas service areas, there were 8.2% fewer Effective Degree Days (EDD) in 2020, on average, compared to 2019 and 8.0% fewer EDD compared to normal. The Company estimates that weather-normalized gas therm sales, excluding decoupled sales, were 1.6% lower in 2020 compared to 2019.

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

Electric Adjusted Gross Margin (a non-GAAP measure<sup>1</sup>) was \$92.9 million in 2020, an increase of \$1.0 million compared with 2019. The increase reflects higher rates of \$1.4 million and the positive combined effect of customer growth and warmer summer weather of \$0.4 million, partially offset by an unfavorable effect of \$0.8 million attributed to the combined net effect of lower C&I sales and higher Residential sales associated with the coronavirus pandemic.

Electric kilowatt-hour (kWh) sales in 2020 were essentially on par with 2019. Sales to Residential customers increased 6.5% and sales to C&I customers decreased 4.5% in 2020 compared to 2019. The increase in sales to Residential customers reflects higher consumption by Residential customers due to the coronavirus pandemic and warmer summer weather in 2020 compared to 2019 which resulted in higher use of air conditioning, and customer growth. As of December 31, 2020, the number of electric customers served increased by 948 over the previous year. These positive effects on 2020 electric kWh sales were partially offset by the warmer winter weather in 2020 which adversely affected the usage of electricity for heating purposes. The decrease in sales to C&I customers reflects lower usage as a result of the economic slowdown caused by coronavirus pandemic, and the warmer winter weather in 2020, partially offset by customer growth. Based on weather data collected in the Company's electric service areas, there were 37.9% more Cooling Degree Days in 2020, on average, compared to 2019.

Operation and Maintenance (O&M) expenses decreased \$1.5 million in 2020 compared to 2019. The decrease includes \$0.4 million of lower operating costs attributed to Usource operations incurred in the first quarter of 2019. The change in O&M expenses also reflects lower labor costs of \$1.3 million, partially offset by higher utility operating costs of \$0.2 million. The lower labor costs reflect lower employee benefit costs.

Depreciation and Amortization expense increased \$2.5 million in 2020 compared to 2019, reflecting increased depreciation on higher levels of utility plant in service and higher amortization of software.

Taxes Other Than Income Taxes increased \$1.2 million in 2020 compared to 2019, reflecting higher local property taxes on higher utility plant in service of \$1.2 million as well as the absence in 2020 of \$0.6 million in property tax abatements recognized in 2019. This increase was partially offset by lower payroll taxes in 2020 reflecting the recognition of \$0.6 million of payroll tax credits associated with the CARES Act in 2020.

Interest Expense, Net increased \$0.1 million in 2020 compared to 2019 reflecting higher levels of long-term debt, largely offset by lower rates on short-term debt and lower interest expense on regulatory liabilities.

Other Expense (Income), Net changed from income of \$8.6 million in 2019 to expense of \$5.2 million in 2020, a net change of \$13.8 million. This change primarily reflects a pre-tax gain of \$13.4 million on the Company's divestiture of Usource in the first quarter of 2019 and \$0.4 million of other costs in 2020.

Federal and State Income Taxes decreased \$3.6 million in 2020 compared to 2019, primarily reflecting lower pre-tax earnings in the current period.

In 2020, Unital's annual common dividend was \$1.50 per share, representing an unbroken record of quarterly dividend payments since trading began in Unital's common stock. At its January 2021 meeting, the Unital Corporation Board of Directors declared a quarterly dividend on the Company's common stock of \$0.38 per share, an increase of \$0.005 per share on a quarterly basis, resulting in an increase in the effective annualized dividend rate to \$1.52 per share from \$1.50 per share.

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

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The Company will hold a quarterly conference call to discuss fourth quarter and full year 2020 results on Tuesday, February 2, 2021, at 2:00 p.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 Unital's website, [www.unital.com](http://www.unital.com).

### About Unital Corporation

Unital Corporation provides energy for life by safely and reliably delivering natural gas and electricity 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. Unital Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unital's operating utilities serve approximately 107,100 electric customers and 85,600 natural gas customers. Other subsidiaries include Usource, Unital's non-regulated business segment, which the Company divested in the first quarter of 2019. For more information about our people, technologies, and community involvement please visit [www.unital.com](http://www.unital.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 Unital'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: the COVID-19 pandemic, which could adversely impact the Company's business, including by disrupting the Company's employees' and contractors' ability to provide ongoing services to the Company, by reducing customer demand for electricity or natural gas, or by reducing the supply of electricity or natural gas; Unital'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, gas and electric energy commodities and transmission and transportation capacity and Unital's ability to recover energy supply costs in its rates; customers' preferred energy sources; severe storms and Unital's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; Unital's ability to retain its existing customers and attract new customers; increased competition; and other risks detailed in Unital's filings with the Securities and Exchange Commission. These forward looking statements speak only as of the date they are made. Unital undertakes no obligation, and does not intend, to update these forward-looking statements.

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

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Selected financial data for 2020 and 2019 is presented in the following table:

**Unitil Corporation – Condensed Consolidated Financial Data**

(Millions, except Per Share data) (Unaudited)

	Twelve Months Ended December 31,		
	2020	2019	Change
<b>Gas Therm Sales:</b>			
Residential	44.7	48.0	(6.9%)
Commercial/Industrial	170.1	184.1	(7.6%)
<b>Total Gas Therm Sales</b>	<b>214.8</b>	<b>232.1</b>	<b>(7.5%)</b>
<b>Electric kWh Sales:</b>			
Residential	690.6	648.2	6.5%
Commercial/Industrial	905.3	947.5	(4.5%)
<b>Total Electric kWh Sales</b>	<b>1,595.9</b>	<b>1,595.7</b>	—
<b>Gas Revenues</b>	<b>\$ 191.4</b>	<b>\$ 203.4</b>	<b>\$(12.0)</b>
Cost of Gas Sales	68.8	81.2	(12.4)
<b>Gas Adjusted Gross Margin</b>	<b>122.6</b>	<b>122.2</b>	<b>0.4</b>
<b>Electric Revenues</b>	227.2	233.9	(6.7)
Cost of Electric Sales	134.3	142.0	(7.7)
<b>Electric Adjusted Gross Margin</b>	<b>92.9</b>	<b>91.9</b>	<b>1.0</b>
<b>Other Revenues</b>	—	<b>0.9</b>	<b>(0.9)</b>
<b>Total Adjusted Gross Margin:</b>	<b>215.5</b>	<b>215.0</b>	<b>0.5</b>
Operation & Maintenance Expenses	65.7	67.2	(1.5)
Depreciation & Amortization	54.5	52.0	2.5
Taxes Other Than Income Taxes	23.9	22.7	1.2
Other Expense (Income), Net	5.2	(8.6)	13.8
Interest Expense, Net	23.8	23.7	0.1
<b>Income Before Income Taxes</b>	<b>42.4</b>	<b>58.0</b>	<b>(15.6)</b>
Provision for Income Taxes	10.2	13.8	(3.6)
<b>Net Income</b>	<b>\$ 32.2</b>	<b>\$ 44.2</b>	<b>\$(12.0)</b>
<b>Earnings Per Share</b>	<b>\$ 2.15</b>	<b>\$ 2.97</b>	<b>\$(0.82)</b>

Supplemental Information

The Company analyzes operating results using Gas and Electric Adjusted Gross Margins, which are non-GAAP measures. Gas Adjusted Gross Margin is calculated as Total Gas Operating Revenue less Cost of Gas Sales. Electric Adjusted Gross Margin is calculated as Total Electric Operating Revenues less Cost of Electric Sales. The Company's management believes Gas and Electric Adjusted Gross Margins provide useful information to investors regarding profitability. The Company's management also believes Gas and Electric Adjusted Gross

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Margins are important measures to analyze revenue from the Company's ongoing operations because the approved cost of gas and electric sales are tracked, reconciled and passed through directly to customers in gas and electric tariff rates, resulting in an equal and offsetting amount reflected in Total Gas and Electric Operating Revenue.

In the tables below the Company has reconciled Gas and Electric Adjusted Gross Margin to GAAP Gross Margin, which we believe to be the most comparable GAAP measure. GAAP Gross Margin is calculated as Revenue less Cost of Sales and Depreciation and Amortization. The Company calculates Gas and Electric 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 revenue, is a meaningful measure to inform investors of the Company's profitability from gas and electric sales in the period.

**Twelve Months Ended December 31, 2020 (\$ millions)**

	<u>Gas</u>	<u>Electric</u>	<u>Non-Regulated and Other</u>	<u>Total</u>
Total Operating Revenue	\$191.4	\$ 227.2	\$ —	\$ 418.6
Less: Cost of Sales	(68.8)	(134.3)	—	(203.1)
Less: Depreciation and Amortization	(29.8)	(23.8)	(0.9)	(54.5)
GAAP Gross Margin	92.8	69.1	(0.9)	161.0
Depreciation and Amortization	29.8	23.8	0.9	54.5
Adjusted Gross Margin	<u>\$122.6</u>	<u>\$ 92.9</u>	<u>\$ —</u>	<u>\$ 215.5</u>

**Twelve Months Ended December 31, 2019 (\$ millions)**

	<u>Gas</u>	<u>Electric</u>	<u>Non-Regulated and Other</u>	<u>Total</u>
Total Operating Revenue	\$203.4	\$ 233.9	\$ 0.9	\$ 438.2
Less: Cost of Sales	(81.2)	(142.0)	—	(223.2)
Less: Depreciation and Amortization	(28.5)	(22.6)	(0.9)	(52.0)
GAAP Gross Margin	93.7	69.3	—	163.0
Depreciation and Amortization	28.5	22.6	0.9	52.0
Adjusted Gross Margin	<u>\$122.2</u>	<u>\$ 91.9</u>	<u>\$ 0.9</u>	<u>\$ 215.0</u>

Gas GAAP Gross Margin was \$92.8 million in 2020, a decrease of \$0.9 million compared to 2019. The decrease was driven by unfavorable effects of \$4.4 million from lower sales due to warmer weather in 2020, and \$2.1 million attributed to lower sales primarily associated with the economic slowdown caused by the coronavirus pandemic, and higher depreciation and amortization of \$1.3 million, partially offset by higher rates of \$5.1 million and customer growth of \$1.8 million.

Electric GAAP Gross Margin was \$69.1 million in 2020, a decrease of \$0.2 million compared to 2019. The decrease reflects an unfavorable effect of \$0.8 million attributed to the combined net effect of lower C&I sales and higher Residential sales associated with the coronavirus pandemic, and higher depreciation and amortization of \$1.2 million, partially offset by higher rates of \$1.4 million and the positive combined effect of customer growth and warmer summer weather of \$0.4 million.

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