



Unitil/FG&E Files New Distribution Rates under Performance Base Regulation Plan

May 17, 2002

Fitchburg, MA (May 17, 2002) - Unitil Corporation (AMEX: UTL) announced today that its subsidiary Fitchburg Gas and Electric Light (FG&E) filed requests to increase its gas and electric distribution charges with the Massachusetts Department of Telecommunications and Energy (MDTE), in connection with its Performance Based Regulation ("PBR") plans filed on April 16, 2002. The requests are subject to the review and approval of the MDTE, and a decision is expected on or about December 1, 2002.

The distribution charges to FG&E's gas and electric customers cover the cost of delivering gas or electricity through FG&E's pipes and wires to the customer's home or business. Distribution charges generally represent about one-third of the customer's total bill.

FG&E's filing proposes new distribution charges for effect on June 1, 2002; however the MDTE is expected to suspend the proposal and to review the filing over the next six months. The actual level of customer bill impacts at the time the new rates are implemented will depend on other rate changes, including changes in energy supply charges, and on the level of gas and electric distribution charges finally approved by the MDTE.

As filed, and assuming no other rate changes, the impact on total bills for most gas customers would range from increases of 7% to 22%. Actual gas bill impacts will vary by customer based on usage and customer class. Gas distribution rates are the lowest in Massachusetts and have not been increased since 1998.

The impact on total electric bills for most electric customers would range from increases of 0% to 6%. Actual electric bill impacts will vary by customer based on usage and customer class. The electric bill for a typical electric residential customer using 500 kilowatt hours per month would increase by 3.4%, or \$2.22 per month. The proposed electric distribution rate increase is the first since 1985.

"FG&E has worked to control costs while also making needed investments in the gas and electric systems to improve reliability, safety and service to customers." According to Unitil/FG&E Vice President Mark Collin. These rate changes are the first step in the implementation of PBR, which includes a 10-year distribution price cap."

The PBR Plans filed in April by FG&E are designed to change the regulatory process by better aligning FG&E's business interests with the interests of its customers through incentives and penalties. Under PBR, once the distribution charges for gas and electric distribution service are set based on the filing made today, they would be subject to a 10-year price cap. Under this price cap, FG&E's distribution charges will be adjusted under a price inflation formula, but may also be reduced to reflect significant MDTE-imposed penalties if FG&E's service in the areas of safety, reliability or customer service fails to meet specific performance targets.

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

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