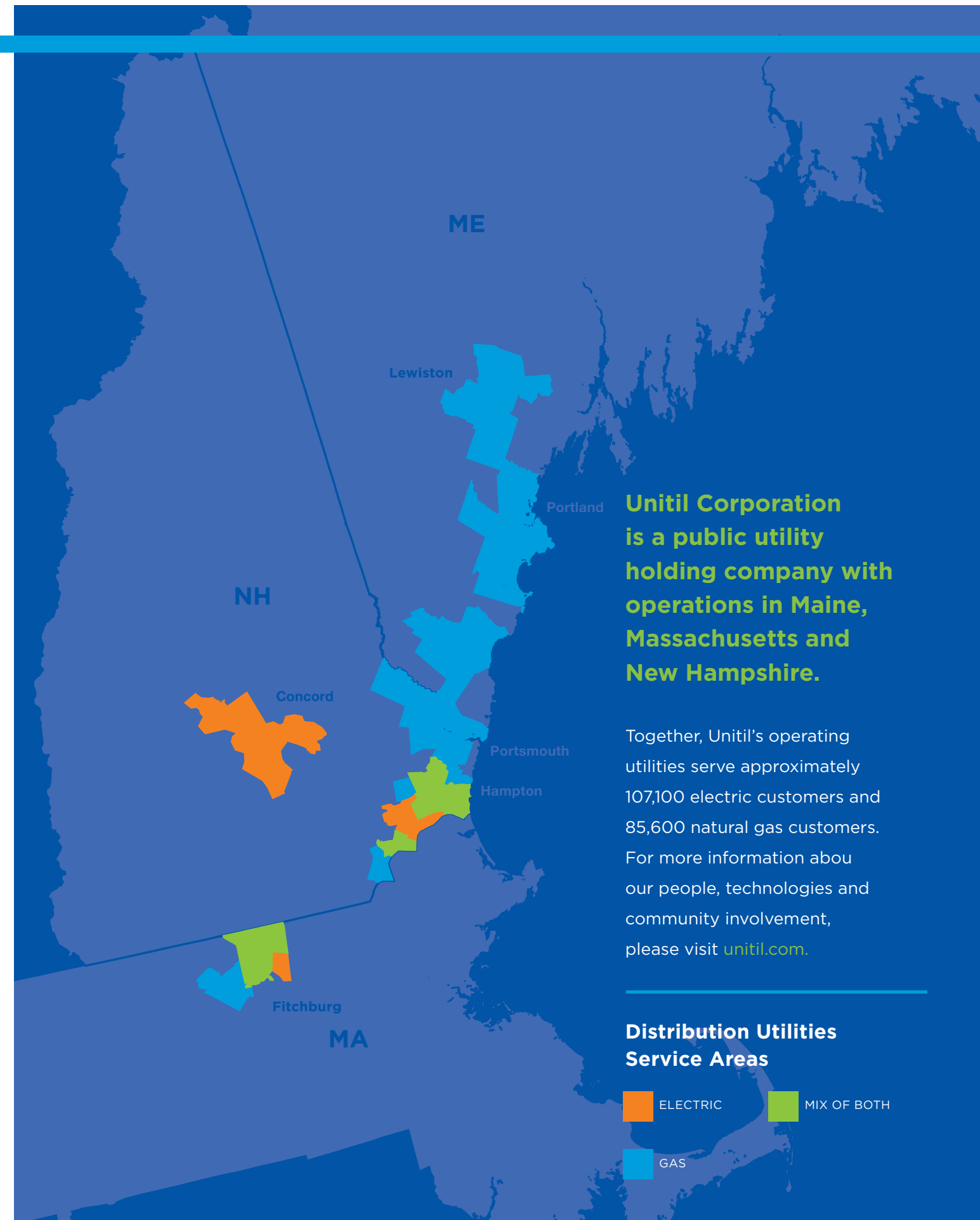


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2020 ANNUAL  
REPORT

# Achieving Our Energy Vision





# FINANCIAL HIGHLIGHTS

	2020	2019	2018
<b>Financial Data (millions)</b>			
Total Operating Revenues	\$418.6	\$438.2	\$444.1
Total Operating Income	\$71.4	\$73.1	\$71.2
Earnings Applicable to Common Shares	\$32.2	\$44.2	\$33.0
Capital Expenditures	\$122.6	\$119.2	\$102.4
Net Utility Plant	\$1,193.2	\$1,111.5	\$1,036.8
<b>Common Share Data</b>			
Diluted Earnings Per Share	\$2.15	\$2.97*	\$2.23
Dividends Paid Per Common Share	\$1.50**	\$1.48	\$1.46
Book Value Per Share (Year-End)	\$25.91	\$25.22	\$23.60
Average Common Shares Outstanding (000s)	14,952	14,900	14,829
<b>Operating Data</b>			
Electric Distribution Sales (Millions of kWh)	1,596	1,596	1,676
Firm Gas Distribution Sales (Millions of Therms)	215	232	231
Customers Served (Year-End)	192,651	190,040	188,330
- Electric Customers Served (Year-End)	107,077	106,129	105,571
- Gas Customers Served (Year-End)	85,574	83,911	82,759

\*2019 results include a one-time after tax gain of \$9.8 million or \$0.66 per share from the sale of Company's unregulated subsidiary, Usource.  
 \*\* On January 27, 2021, the Board of Directors raised the quarterly dividend to \$0.38 per share, increasing the annualized dividend from \$1.50 to \$1.52 per share.



## Chairman's Letter



*"Faced with these challenges, our Company persevered and achieved solid results both operationally and financially."*

– **TOM MEISSNER**, CHAIRMAN OF THE BOARD,  
CHIEF EXECUTIVE OFFICER AND PRESIDENT

## FELLOW SHAREHOLDERS

By any measure, 2020 proved to be a challenging year for our Company, our customers, and our shareholders. The year began with the warmest winter heating season in decades, negatively impacting natural gas sales and Company earnings. As the calendar turned to spring, we found ourselves in the grip of a worldwide health emergency not witnessed in over a century. Efforts to contain the COVID-19 pandemic led to the lockdown of our economy, plunging our nation into the worst recession since the Great Depression. Ensuring the health and safety of our employees required immediate and extensive operational changes, all while delivering safe and reliable service to our customers.

Faced with these challenges, our Company persevered and achieved solid results both operationally and financially. We delivered exceptional service to customers, achieving our highest customer satisfaction ratings ever. We responded to numerous storm events, including Tropical Storm Isaias in

August, and rapidly restored service to all of our customers. We continued our exceptional track record in gas pipeline safety, achieving our best emergency response performance ever. Above all, we kept our employees safe throughout this difficult time.

Equally important, we continued to advance our strategic priorities. We executed on our investment plan including grid modernization projects, infrastructure replacement, and customer growth initiatives. We remained focused on sustainability, and published our comprehensive Corporate Sustainability and Responsibility Report. We positioned our Company to deliver long-term, sustainable growth for many years to come.

Building on our core strength of delivering safe, reliable, affordable and sustainable energy service is how we will achieve the outstanding financial performance that our shareholders have come to expect.

# FINANCIAL PERFORMANCE

Our financial results in 2020 were significantly impacted by two unusual and ultimately non-recurring circumstances. We delivered 2020 earnings of \$2.15 per share compared to \$2.31 per share in 2019,<sup>1</sup> reflecting the exceptionally warm winter heating season and the financial impacts of the COVID-19 pandemic. Although these were not the results we had hoped for, we remain financially strong with a robust pipeline of future investment opportunities. Perhaps most important, the unique circumstances that impacted our results in 2020 are now largely behind us. Looking back, 2020 helped define what Sustainability means for our Company. Looking ahead, our future is as promising as it ever has been.

Our stock (NYSE:UTL) meaningfully underperformed in 2020, reflecting more than just the near-term headwinds of a warm winter and the pandemic. Many gas utilities were discounted as investors

shied away from the perceived threats of fossil fuel bans and electrification. And yet, as I touched on last year, we see those fears as misplaced. As an electric and gas company operating in the cold climate of northern New England, we see ourselves as uniquely positioned to benefit from climate policies on both sides of our business.

Due to the pervasive use of fuel oil in our region, policies aimed at decarbonizing the heating sector will primarily target home heating oil and propane, leaving natural gas as a cleaner and less expensive alternative. In addition, temperature extremes during our cold New England winters challenge the technical and economic feasibility of heat pumps, especially when converting the heating systems of existing homes. Indeed, we see a lot of runway for the continued switch from fuel oil heat to natural gas. At the same time, electrification of the transportation

sector involving a switch from gasoline powered vehicles to electric vehicles is a clear opportunity. As an electricity provider, electrification represents a significant long-term opportunity for the electric side of our business.

I believe the market reaction we witnessed in 2020 does not reflect our Company's underlying growth prospects and long-term value, and will prove temporary.

*“As an electric and gas company operating in the cold climate of northern New England, we see ourselves as uniquely positioned to benefit from climate policies on both sides of our business.”*

<sup>1</sup> Excluding a one-time net-gain \$0.66 per share in 2019 from the sale of our non-regulated business, Usource.



# OPERATIONAL EXCELLENCE AMID COVID-19

As a provider of essential services, we power the daily lives of our customers and communities even under the most difficult circumstances. Never before has the electric and natural gas service we provide to homes and businesses in New England been more essential; never before has the idea of energy for life been more meaningful.

When the COVID-19 pandemic accelerated we were well-prepared. We began planning for the possibility of a pandemic early in the year when reports of the novel coronavirus first surfaced. We formed a Pandemic Taskforce to evaluate everything from business continuity plans to supply chain issues. As community transmission accelerated in our region, we implemented our crisis

response plan to confront the emerging health emergency. We rapidly deployed technology to enhance remote work capabilities and transitioned most office staff to work at home. We created new operating protocols to keep our front-line field workers safe, and to ensure our ability to deliver safe and reliable service was not compromised. Our efforts were clearly successful.

Despite the operating challenges created by COVID-19, we responded quickly and effectively to numerous storm events in 2020. Following Tropical Storm Isaias in early August, we restored electric service to all our customers in under 24 hours. In fact, we were able to provide mutual assistance to neighboring utilities eight times in 2020 and again won EEI's

*“We power the daily lives of our customers and communities even under the most difficult circumstances.”*



Mutual Assistance Award in recognition of our efforts restoring service on behalf of other utility companies.

Our gas emergency response was equally impressive. Once again, Unitil was selected as a Leading Practice Company by the American Gas Association, recognizing our superior emergency response and preparedness. Operationally, we ensured public safety by responding to emergencies in under 18.5 minutes on average, our best performance ever.

Perhaps most important, we provided exceptional service to our customers throughout these difficult times. Survey results found an incredible 93 percent of our customers are satisfied with the service they receive from Unitil. We were the #1 rated utility in the Northeast, and ranked #2 in the eastern United States. Pride and engagement among employees has never been higher, and is clearly reflected in the outstanding service provided to customers.



**3X** recipient of EEI Emergency Response Award in last 4 years

**6X**

**'Leading Practice' Award or Nomination from the American Gas Association in last 10 years**

# EXECUTING ON INVESTMENT OPPORTUNITIES

Even as we confronted extraordinary challenges in 2020, we continued to make progress on key initiatives, and to execute on our construction programs.

On the electric side of our business, we completed an upgrade of our state-of-the-art Advanced Metering Infrastructure, enabling time-based rate designs and new service offerings so customers can benefit from their investments in clean energy resources, electric vehicles, and energy management technology. In Massachusetts, we installed a two Megawatt energy storage project to support clean energy resources on the distribution system. And we are implementing an Advanced Distribution Management System to better manage

distributed energy resources, such as rooftop solar.

We continued investing in natural gas infrastructure modernization, to improve safety and minimize methane emissions. In fact, we lead the region in the pace of our modernization efforts, and have virtually eliminated gas leaks from our system. We also continued to expand gas service to new communities through our Targeted Area Buildout programs and expansion of our franchise areas. Customer interest in natural gas remains strong, including new development projects and conversions from other fuels. We saw customer growth of nearly 2 percent in 2020 despite the pandemic and difficult economic conditions.

*“We lead the region in the pace of our modernization efforts, and have virtually eliminated gas leaks from our system.”*





*“During the past year we appointed a sustainability manager and staff devoted to advancing our sustainability initiatives.”*

## SUSTAINABILITY

Our Vision is to transform the way people meet their evolving energy needs to create a clean and sustainable future. Throughout 2020, we continued to execute on strategies to achieve that vision. One major focus was the publication of our second Corporate Sustainability and Responsibility Report including key metrics and statistics included in various industry-specific reporting templates. However, we accomplished far more than the publication of this report.

During the past year we appointed a sustainability manager and staff devoted to advancing our sustainability initiatives. We completed a greenhouse gas emissions inventory and an employee commuting survey to better understand our carbon footprint and to identify opportunities to reduce our impact, and began participating in the annual Carbon Disclosure Project Climate Change Questionnaire.

In New Hampshire we established a working group to explore issues

surrounding renewable natural gas (RNG) as part of a collaborative settlement approving our integrated resource plan. The working group will consider how to best incorporate environmental effects into resource decisions. We continue to identify sources of existing or planned RNG resources, and investigate the feasibility and achievable potential of pipeline quality RNG.

We continue to support transportation alternatives to transition both light and heavy vehicles to cleaner energy sources. In addition to developing expanded charging infrastructure, we have partnered with companies such as Waste Management to convert fleet vehicles to natural gas, a cleaner alternative to traditional fuels.

Most recently, we completed our new, state-of-the-art, LEED-certified operations center in New Hampshire. This facility, with its extensive features to reduce both energy and water consumption, reflects our commitment to sustainability.



# OUR PEOPLE

Our success in 2020 is a testament to the pride, dedication and spirit of our hardworking employees. Their commitment to our customers, our communities and each other has been extraordinary during an extremely challenging year. They exemplify the respect, integrity, stewardship and excellence that define our Company. They enrich the communities in which we live, work and serve.

The challenges of 2020 were not limited to our Company, our customers and our communities. Employees struggled with their own unique circumstances throughout the ongoing pandemic including the health and wellbeing of



themselves and their families, isolation, uncertainty, childcare and homeschooling, changes to work practices, and the transition to a remote work culture. Despite these challenges, customer service and operational performance have never been better. I want to thank our employees for everything they do each and every day to serve our customers and communities.

Each year we survey our employees to collect feedback on our Company, our leadership, our workplace, and overall job satisfaction. Through these surveys we have consistently found that nine out of ten employees say they are proud to work at Unitil and would recommend Unitil as a place to work. Employee pride in our Company supports our aspiration to be the employer of choice in the areas we serve, and is reflected in the outstanding service provided to our customers every day. As we prepare for the future, we recognize that our people are our greatest strength and preserving our unique culture is essential to our continued success.

*“Our success in 2020 is a testament to the pride, dedication and spirit of our hardworking employees.”*





## THE PATH FORWARD

The year 2020 will be forever remembered for its historic challenges, not the least of which is the global pandemic that continues to grip our nation and the world. Yet, it is with great optimism that we look to the future. The foundation of our business remains strong, as evidenced by our customer satisfaction, operational excellence, employee engagement and strong pipeline of investment opportunities. The health emergency that has paralyzed business activity and normal life will soon end as vaccines bring an end to the pandemic.

As we look to the future, we are committed to continued execution on the fundamentals of our business, as we align our strategies with the imperative of climate action. As an electric and gas company operating in the cold region of New England, we see ourselves as uniquely positioned to help our customers meet their evolving energy needs to create a clean and sustainable future. By doing so, we will continue our success in the years ahead and deliver sustainable earnings growth for our shareholders. We are grateful for your continued confidence in Unitil.

*“We see ourselves as uniquely positioned to help our customers meet their evolving energy needs to create a clean and sustainable future.”*



*“Never before has the idea of energy for life been more meaningful.”*

- **TOM MEISSNER**, CHAIRMAN OF THE BOARD,  
CHIEF EXECUTIVE OFFICER AND PRESIDENT





# PUTTING CUSTOMERS FIRST

Overall customer satisfaction with Unitil achieved an all-time high in 2020 with customers saying they are satisfied or highly satisfied with their utility. Unitil set this new standard of excellence with COVID-19 fundamentally changing operations in every department in the organization in order to protect employee and customer safety. Days after stay-at-home orders were given in New Hampshire, Unitil's customer service team went fully remote, with all customer service representatives given the technology they needed to answer customer service calls from home. The on-hold messaging was updated

to advise customers they may hear a dog barking or children playing, but otherwise service never missed a beat.

Outside of the call center, Unitil recognized homes and businesses would need additional help as the local economy stalled. In coordination with local Community Action Plan agencies, Unitil set up the U-CARE program, a special fund for customers who may not be able to take advantage of state or federal assistance programs, and worked with customers to create payment plans that met their unique needs during a challenging time.

**93%**  
of Unitil customers  
satisfied or highly  
satisfied with service



**#1**  
in the  
Northeast

Top  
**10**  
nationally\*

\*Of 144 utility companies surveyed

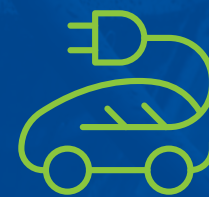
Nearly  
**\$175K** given to U-CARE Fund to help customers  
struggling with energy costs



# TRANSPORTATION ALTERNATIVES: EVs

As New England continues to make progress on its stated emission reduction goals, the transportation sector offers the greatest potential opportunity to make significant gains in the years ahead. Customer interest in electric vehicles (EVs) has never been higher. Unitil continues to support the

addition of vehicle charging stations on its system such as Tesla's site with eight Superchargers in Seabrook, New Hampshire. Unitil also continues to work with the New Hampshire Department of Transportation in support of the state's goals to bring additional charging stations online along the busy I-93 corridor.



General Motors unveiled a commitment to exclusively sell EVs by **2035**

According to EEI, there will be approximately

**18.7 million** EVs on the road by 2030



## TRANSPORTATION ALTERNATIVES: CNG

Compressed Natural Gas (CNG) vehicles are also gaining additional traction in the region. Waste Management, a national waste collection and environmental solutions provider, went live with its own natural gas fueling station in Rochester, New Hampshire in 2020, with plans to convert its 60 truck fleet from diesel

to CNG. Waste Management's project, combined with overall growth in the Rochester area is a primary reason Unital launched a multi-year project to upgrade the high-pressure feed into the City.



CNG vehicles emit nearly **zero** particulate emissions, cut greenhouse gas emissions by **15%** and are **quieter** than diesel trucks

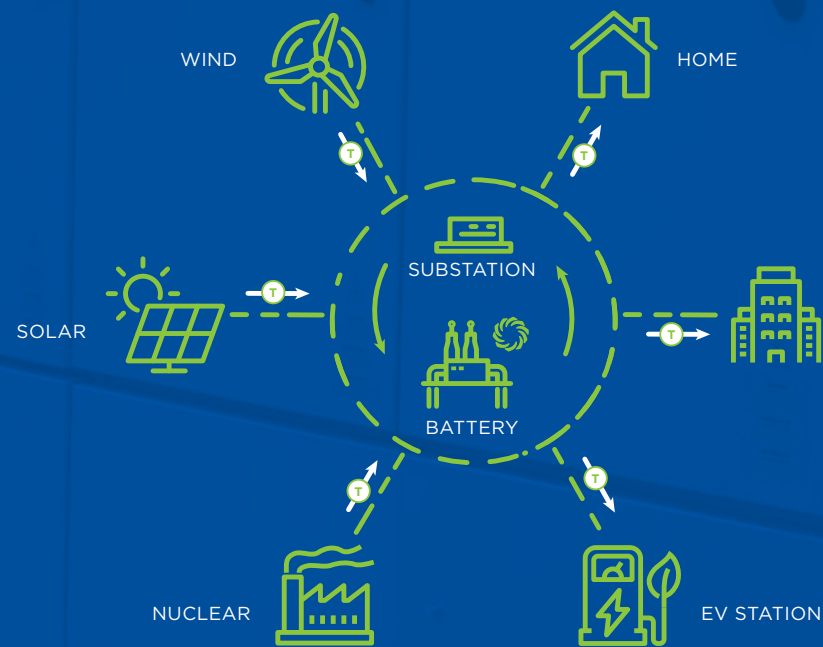
Every diesel truck replaced with CNG

**=8,000 gallons/yr**

fuel reduction and 14 fewer metric tons of greenhouse gas emissions/yr



### Smart grid ecosystem



# OPERATING A SMARTER GRID

In 2020, Unitil made its most significant commitment to date into smart grid technology investments with a 2 MW/4 MWh, utility scale battery storage system in Townsend, Massachusetts. The battery creates the ability for operators to tap into the stored energy at the substation to reduce load during key hours of the day, eliminating the need for expensive system upgrades.

The storage facility, alongside other technological advancements installed, gives the Townsend area one of the most advanced electric distribution systems in all of New England.

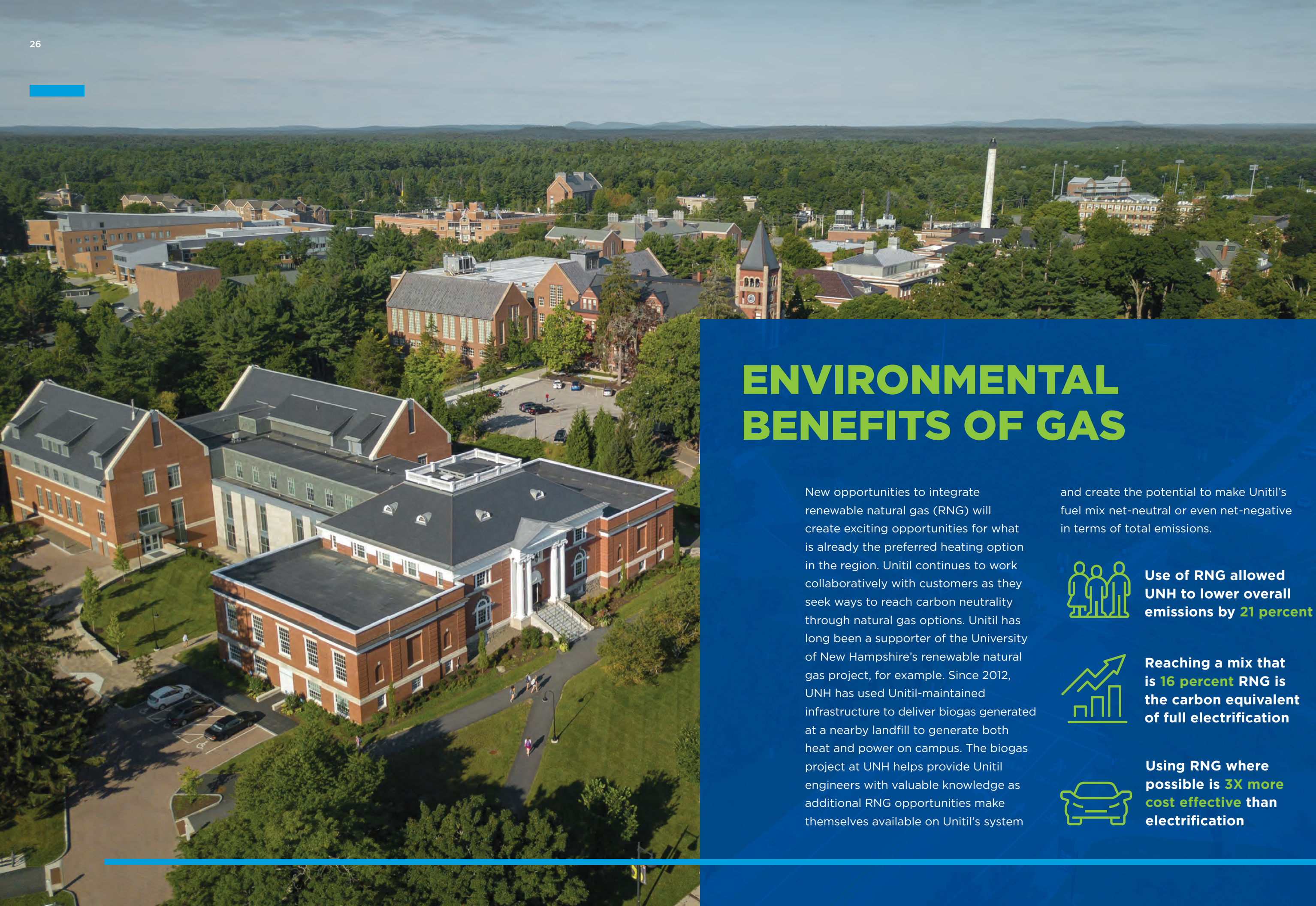
Customers in the region now benefit from a network that delivers true 'two way' power flow management, with real-time adjustments to both voltage and direction in order to maximize the efficiency of renewable energy in the region and create savings for homes and businesses.

An electric system that helps customers save effortlessly: this is Unitil's vision of a smarter energy future.

### Benefits of the battery project in Townsend, Massachusetts

- Capacity to power 1,300 homes for two hours
- Battery can store surplus energy from approximately 900 residential solar arrays
- Potential to create savings of up to 2-4 percent for customers

POWER ELECTRONICS  
BUSINESS  
FREEMAQ  
PDK



# ENVIRONMENTAL BENEFITS OF GAS

New opportunities to integrate renewable natural gas (RNG) will create exciting opportunities for what is already the preferred heating option in the region. Unitil continues to work collaboratively with customers as they seek ways to reach carbon neutrality through natural gas options. Unitil has long been a supporter of the University of New Hampshire's renewable natural gas project, for example. Since 2012, UNH has used Unitil-maintained infrastructure to deliver biogas generated at a nearby landfill to generate both heat and power on campus. The biogas project at UNH helps provide Unitil engineers with valuable knowledge as additional RNG opportunities make themselves available on Unitil's system

and create the potential to make Unitil's fuel mix net-neutral or even net-negative in terms of total emissions.



**Use of RNG allowed UNH to lower overall emissions by 21 percent**



**Reaching a mix that is 16 percent RNG is the carbon equivalent of full electrification**



**Using RNG where possible is 3X more cost effective than electrification**

## Information for Shareholders

### 2021 Annual Meeting

The Annual Meeting of Shareholders is scheduled to be held on Wednesday, April 28, 2021, at 11:30 a.m. (EDT). Please refer to the proxy materials included with this report for additional information about the Annual Meeting.

### Transfer Agent

The Company's Transfer Agent, Computershare Investor Services ("Computershare"), is responsible for all shareholder records, including Common Stock issuance and transfer, as well as the distribution of dividends, tax documents and annual meeting materials to registered holders. Shareholder requests regarding these and other matters can be addressed by corresponding directly with Computershare at:

**Mail:** P.O. Box 505000

Louisville, KY 40233

**Telephone:** 800-736-3001

[www.computershare.com/investor](http://www.computershare.com/investor)

### Contact Us

For information about the Company and your investment, you may also call the Company directly, toll-free, at: 800-999-6501 and ask for the Shareholder Representative; or visit the Investor Relations page at [unitil.com](http://unitil.com); or contact us at [InvestorRelations@unitil.com](mailto:InvestorRelations@unitil.com).

## Programs and Plans

### Dividend Reinvestment Plan

A Dividend Reinvestment and Stock Purchase Plan is available to registered holders of the Company's Common Stock. This Plan provides shareholders with an economical means to increase their investment in the Company each quarter by reinvesting their dividends without broker fees. A Plan prospectus is available on the Investor Relations page at [unitil.com](http://unitil.com). For additional information or enrollment, please contact the Company or Computershare.

### Dividend Direct Deposit

Dividend Direct Deposit Service is available without charge to shareholders of record of the Company's Common Stock. For further information or enrollment in this service, please contact the Company or Computershare.

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## Social Media

We're in constant contact with our stakeholders in real time through various means of social media. Get up-to-date information about us and our projects in the following places:

[facebook.com/unitil](https://www.facebook.com/unitil)

[twitter.com/unitil](https://twitter.com/unitil)

[linkedin.com/company/unitil](https://www.linkedin.com/company/unitil)

[instagram.com/unitilenergy](https://www.instagram.com/unitilenergy)

## Media Reference

Our public media libraries are constantly being expanded and updated. To access or reference Unitil Corporation's libraries, go to the following websites:

[youtube.com/unitilenergy](https://www.youtube.com/unitilenergy)

[unitil.photoshelter.com](http://unitil.photoshelter.com)



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## Unitil Corporation

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