NORTHERN UTILITIES, INC.
HISTORICAL FINANCING PROCEEDS
AS OF DECEMBER 31, 2020

	(1)	(2)	(3)	(4)
LINE NO.	YEAR	EQUITY	LONG-TERM DEBT	TOTAL
1	2016	30,000,000	-	30,000,000
2	2017	32,000,000	50,000,000	82,000,000
3	2018	-	-	-
4	2019	25,500,000	40,000,000	65,500,000
5	2020	6,375,000	40,000,000	46,375,000
6	TOTAL	$ 93,875,000	$ 130,000,000	$ 223,875,000

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NORTHERN UTILITIES, INC.
COST OF LONG-TERM DEBT COMPARISON
AS OF DECEMBER 31, 2020

	(1)	(2)	(4)	(5)	(6)	(7)	(10)	(11)
							MOODY'S BOND YIELD	
LINE NO.	ISSUE	ISSUE DATE	COUPON RATE	TENOR	INITIAL OFFERING	AMOUNT OUTSTANDING	UTILITY A-RATED	UTILITY BAA-RATED
1	Sr. Notes	12/3/2008	7.72%	30 Yrs	$ 50,000,000	$ 50,000,000	6.88%	8.43%
2	Sr. Notes	10/15/2014	4.42%	30 Yrs	50,000,000	50,000,000	3.94%	4.57%
3	Sr. Notes	11/1/2017	3.52%	10 Yrs	20,000,000	20,000,000	3.87%	4.20%
4	Sr. Notes	11/1/2017	4.32%	30 Yrs	30,000,000	30,000,000	3.87%	4.20%
5	Sr. Notes	9/12/2019	4.04%	30 Yrs	40,000,000	40,000,000	3.47%	3.81%
6	Sr. Notes	9/15/2020	3.78%	20 Yrs	40,000,000	40,000,000	2.84%	3.16%
7	TOTAL				$ 230,000,000	$ 230,000,000		
8	WEIGHTED AVERAGES		4.87%				4.29%	4.95%

Notes

Sources: Schedule RevReq 6-4 and S&P Global Market Intelligence. Weighted average cost of debt rates do not include transaction costs. Moody's Bond Yield figures are as of the offering date of the relevant Notes.

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S&P Global
Ratings

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Research Update:

Unitil Corp. And Subsidiaries Outlooks Revised To Negative On Weaker Consolidated Financial Measures; Ratings Affirmed

November 5, 2020

Rating Action Overview

- U.S. utility holding company Unitil Corp.'s consolidated financial measures have weakened from historical levels due to weaker cash flows and greater leverage.
- As such, we are revising our rating outlook on Unitil Corp. and subsidiaries Northern Utilities Inc. (NU), Fitchburg Gas & Electric Light Co. (FG&E), Unitil Energy Systems Inc. (UES), and Granite State Gas Transmission Inc. to negative from stable.
- We are affirming our issuer credit ratings on each entity, including our 'BBB+' issuer credit ratings.
- The negative outlook reflects the potential for a one-notch downgrade over the next 24 months if Unitil's consolidated financial measures do not improve, including funds from operations (FFO) to debt consistently above 16%.

PRIMARY CREDIT ANALYST

William Hernandez
Farmers Branch
+ 1 (214) 765-5877
william.hernandez
@spglobal.com

SECONDARY CONTACT

Gerrit W Jepsen, CFA
New York
(1) 212-438-2529
gerrit.jepsen
@spglobal.com

Rating Action Rationale

The negative outlook reflects the increased possibility that Unitil might not consistently achieve FFO to debt of at least 16%. As a result of weaker economic conditions related to the pandemic, lower gas and electric sales margins primarily due to warmer winter weather in 2020 compared to 2019, and an elevated capital spending plan, we expect Unitil's financial measures to be pressured over the forecast period. FFO to debt as of the third quarter 2020 was 15.3%, which is below our downgrade trigger. While Unitil benefits from electric and natural gas decoupling in Massachusetts, decoupled margins represent only 25% of consolidated margins. Forward-looking, both UES and NU are required by the Public Utilities Commission of New Hampshire to propose revenue decoupling or alternative lost base revenue mechanisms in their next rate case filing. While we believe this is credit positive, as it could result in about decoupled margins representing about 75% of consolidated margins, Unitil's margins remain exposed to revenue uncertainty at least through next year. Additionally, the company's elevated capital spending needs will likely lead to further debt issuances during our forecast period, which will further pressure credit measures. However, we expect the company will take various steps to mitigate some of the anticipated financial impact of its robust capital spending program and the weaker margins. Under our base case, we expect Unitil will continue to effectively manage its regulatory risk and implement other liquidity/credit-supportive measures, as necessary.

Unitil's five-year capital spending program will increase about 25% compared with the previous five years. Unitil is deploying about $680 million in capital through 2024 to support gas system growth and electric distribution system modernization. While our base case incorporates incremental debt issuances to fund this elevated spending, Unitil operates with capital tracker mechanisms in Maine and Massachusetts that allow for the recovery of costs between base rate cases through rate surcharges.

Our business risk assessment for Unitil incorporates our view of its effective management of regulatory risk. Our assessment of Unitil's business risk reflects its lower-risk, rate-regulated electric and natural gas distribution operations that provide essential services. The company operates under a generally constructive regulatory framework in supportive jurisdictions that allows it to recover costs, including capital spending, through annual adjustments, multiyear rate plans, and capital tracker mechanisms. Unitil also benefits from electric and natural gas decoupling in Massachusetts. Our ratings on Unitil include a comparable ratings analysis modifier that is considered positive to reflect our view that the company's business risk profile is at the upper end of our assessment based on its lower-risk electric and gas distribution operations. Although Unitil serves only around 190,000 customers, the company's expansion projects provide new opportunities to grow its customer base over the next few years.

Because it serves primarily the natural gas needs of affiliate utility Northern Utilities, we assess Granite State's business risk as somewhat less risky compared with other transmission pipelines exposed primarily to third-party marketers.

Unitil's size and exposure to industrial and commercial customers weighs on the business risk profile. Compared to peers, Unitil has fewer customers and its electric and gas utilities have material exposure to a cyclical industrial and commercial customer base (about 40% of electric sales margins and 60% of gas sales margins). However, we expect this exposure to decrease should the proportion of decoupled margins increase.

Outlook

The negative outlook reflects the potential for lower ratings over the next 24 months if we believe Unitil will not be able to consistently achieve consolidated FFO to debt of at least 16%. This could occur from weaker cash flows due to lower sales margins or a lag on timely recovery of capital spending, or if the company uses primarily debt leverage to fund capital spending.

Downside scenario

We could lower the ratings on Unitil and its subsidiaries if financial measures remain weak and result in FFO to debt that is consistently below 16%. This could occur from weaker cash flows driven by lower sales margins or a lag on timely recovery of capital spending, or if the company uses primarily debt leverage to fund capital spending.

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Upside scenario

We could revise the outlook to stable if Unitil's financial measures improve to a level that supports the current ratings, demonstrated by FFO to debt of at least 16% consistently, while business risk remains at least as strong as the existing level.

Company Description

U.S.-based Unitil is a holding company of three regulated electric and natural gas distribution utilities serving around 190,000 customers in Massachusetts, Maine, and New Hampshire--FG&E, NU, and UES. Together, these regulated subsidiaries contribute more than 90% of consolidated revenues.

Unitil also operates a FERC-regulated gas transmission pipeline, Granite State, that provides predominantly NU (more than 80% of revenues) and other third-party suppliers with access to domestic and Canadian natural gas.

Our Base-Case Scenario

- Gross margin growth primarily from regulated capital recovery and customer growth in New Hampshire, Maine and Massachusetts.
- Elevated capital spending to support gas system growth and distribution system modernization.
- Capital spending of about $680 million over the next five years.
- Discretionary cash flow deficit that we expect to be funded primarily with debt.

Liquidity

We assess Unitil's liquidity as adequate because the company's sources are likely to cover its uses by more than 1.1x over the next 12 months, even if EBITDA declines by 10%. The company has the likely ability to absorb high-impact, low-probability events without refinancing, has well-established and sound relationships with banks, a generally satisfactory standing in credit markets, and generally prudent risk management.

Principal liquidity sources

- Cash and liquid investments of about $10 million;
- Cash FFO of about $105 million; and
- Revolving credit facility availability of about $100 million.

Principal liquidity uses

- Capital spending of about $130 million;
- Debt maturities of about $25 million; and

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- Dividends of about $25 million.

Ratings Score Snapshot

Issuer Credit Rating: BBB+/Negative/--

Business risk: Strong

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Satisfactory

Financial risk: Significant

- Cash flow/leverage: Significant

Anchor: bbb

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Positive (+1 notch)

Stand-alone credit profile: bbb+

- Group credit profile: bbb+

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

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Ratings List

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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NORTHERN UTILTIIES, INC.
UNITIL CORPORATION: RETIREMENT BENEFIT OBLIGATIONS FUNDED STATUS
ASSETS VS PROJECTED BENEFIT OBLIGATION
($000's)

	(1)	(2)	(3)	(4)	(5)	(6)
LINE NO.	DESCRIPTION	2016	2017	2018	2019	2020
1	Benefit Obligation Discount Rate	4.10%	3.60%	4.25%	3.25%	2.50%
2	Pension Plan	$ 59,381	$ 64,606	$ 48,389	$ 56,380	$ 68,686
3	PBOP Plan	80,053	73,888	59,896	68,377	73,984
4	SERP	9,566	11,723	13,754	17,759	20,225
5	Total Obligation	$ 149,000	$ 150,217	$ 122,039	$ 142,516	$ 162,895
6	Change (2016 to 2020):					$ 13,895
7	Federal Tax Rate	34.00%	34.00%	21.00%	21.00%	21.00%
8	Imputed Debt *Line 5 x (1 - Line 7)*	$ 98,340	$ 99,143	$ 96,411	$ 112,588	$ 128,687
9	Change (2016 to 2020):					$ 30,347

Notes
Source: SEC Filings. S&P reduces the retirement benefit obligation by the federal tax rate.

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Unitil Corp.

Primary Credit Analyst:
William Hernandez, Farmers Branch + 1 (214) 765-5877; william.hernandez@spglobal.com

Secondary Contact:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@spglobal.com

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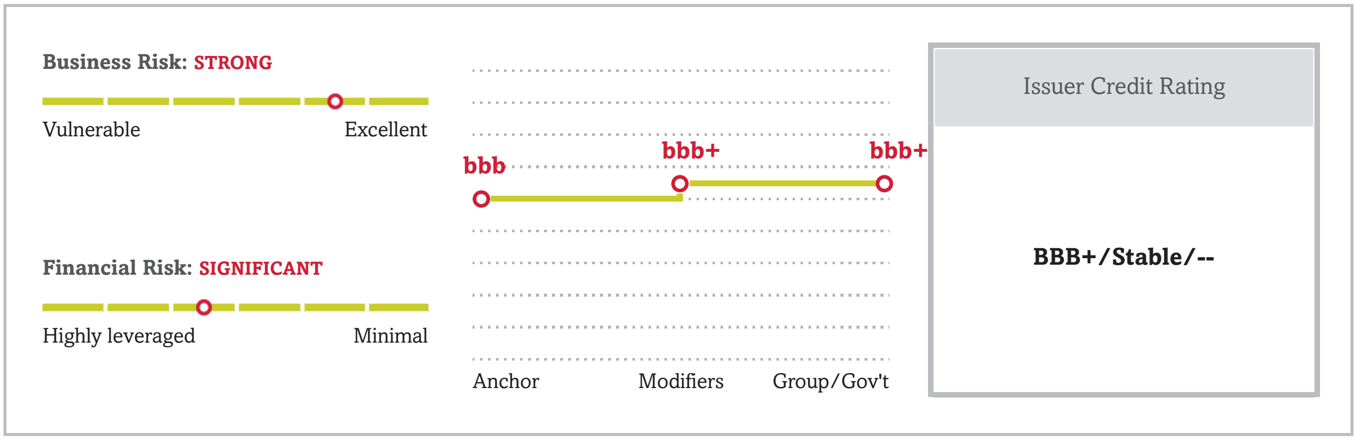

Credit Highlights

Overview

Key strengths	Key risks
Predominantly low-risk electric and natural gas distribution operations.	Smaller customer base and limited scope of operations adds risk to business profile.
Generally constructive regulatory frameworks in three states.	High customer bills in Massachusetts limit rate recovery.
Increasing capital spending to support gas system growth and electric distribution system modernization.	Discretionary cash flow that, when negative, will necessitate external funding.

Earned returns on equity (ROE) in Massachusetts could increase following constructive gas and electric rate settlements. Unitil Corp.-subsidiary, Fitchburg Gas & Electric Co. (FG&E), has historically under-earned as compared to its approved ROEs in Massachusetts, primarily because of regulatory lag. However, in early 2020, FG&E reached constructive rate settlements for both its gas and electric utility operations. On the electric side, state stakeholders agreed to an increase in its current electric capital tracker investment recovery cap to $11 million from $5 million and the recovery of storm-related costs through a storm-related rider, to name a few. While high customer bills in the state limit the size of rate increases, we believe these pre-approved mechanisms could benefit cash flows going forward and lead to higher earned ROEs in the state.

Financial materiality associated with Unitil's long-term contractual agreement with Vineyard Wind LLC is limited. As per MA statute, FG&A along with its electric distribution peers are obligated to purchase power from Vineyard Wind over a 20-year power purchase agreement. However, to limit its financial implications and to compensate the distribution companies for accepting any financial obligation of the long-term contract, the MA Department of Public Utilities (MDPU) approved annual remuneration equal to 2.75% of the annual contractual payments under the contract. This is in addition to a make-whole rider, as the companies will sell into the market any power obtained from the contract.

Unitil's five-year capital spending program will increase about 25% compared with the previous five years. Unitil is deploying about $680 million in capital through 2024 to support gas system growth and electric distribution system modernization. These investments will increase rate base and drive rate relief over the same period.

Outlook: Stable

The stable outlook on Unitil reflects our expectation that the consolidated company will continue to manage regulatory risk effectively, recover project costs through approved mechanisms on a timely basis, and expand its regulated electric and gas distribution operations. Under our base-case scenario, we expect Unitil's core ratios to be around the midpoint of the financial risk profile, with adjusted funds from operations (FFO) to debt in the 17%-18% range.

Downside scenario

We could lower the rating if financial measures weakened below our expectations such that adjusted FFO to debt remains below 16% given the narrow focus and small scale of the company. The weakened financial measures could occur if the company does not receive sufficient and timely cost recovery through the regulatory process, if sales volumes decline significantly, or if there are additional material costs associated with operating as a stand-alone business. Also, we could lower the rating if the utility changes its current utility strategy and materially expands its non-utility operations.

Upside scenario

We could raise the rating if the company maintains its focus around expanding its utility operations in a manner that leads to higher financial measures, such that adjusted FFO to debt is consistently above 23%. This could occur through higher cash flow generation resulting from higher sales and/or lower operating costs, if the company receives greater cost recovery than expected through the regulatory process, or although unlikely, through debt reduction.

Our Base-Case Scenario

Assumptions

- Gross margin growth of about 5% on average per year through 2020 driven by ongoing capital recovery and gas and electric volume growth;
- Annual capital spending of roughly $100 million over the next few years;
- Lower financing costs as the company refinances higher cost debt; and
- Dividend payout ratio to remain in line with historical levels.

Key Metrics

	2019A	2020E	2021E
FFO to debt (%)	16.3	17-18	17-18
FFO cash interest coverage (x)	5.1	5-5.5	5-5.5
Debt to EBITDA (x)	4.6	4.5-5	4-4.5

A--Actual. E--Estimate. FFO--Funds from operations.

Company Description

Unitil is a holding company of three regulated electric and natural gas distribution utilities serving around 190,000 customers in Massachusetts, Maine, and New Hampshire--FG&E, Northern Utilities Inc., and Unitil Energy Systems Inc. Together, these regulated subsidiaries contribute more than 90% of consolidated revenues.

Unitil also operates a FERC-regulated gas transmission pipeline, Granite State Gas Transmission Inc., that provides predominantly Northern Utilities (more than 80% of revenues) and other third-party suppliers with access to domestic and Canadian natural gas.

Business Risk: Strong

Our assessment of Unitil's business risk reflects its lower-risk, rate-regulated electric and natural gas distribution operations that provide essential services. The company operates under a generally constructive regulatory framework in supportive jurisdictions that provides for the company to recover costs, including capital spending, through annual adjustments, multi-year rate plans, and capital tracker mechanisms. Unitil also benefits from electric and natural gas decoupling in Massachusetts. Although Unitil serves only around 190,000 customers, the company's expansion projects provide new opportunities to grow its customer base over the next few years.

Serving primarily the natural gas needs of affiliate utility Northern Utilities, we assess Granite State's business risk as somewhat less risky compared with other transmission pipelines exposed primarily to third-party marketers.

Peer comparison

Table 1

Unitil Corp. -- Peer Comparison

Industry Sector: Combo

	Unitil Corp.	Central Maine Power Co.	Central Hudson Gas & Electric Corp.	New York State Electric & Gas Corp.
Ratings as of March 24, 2020	BBB+/Stable/--	A/Stable/A-1	A-/Stable/NR	A-/Stable/A-2
	--Fiscal year ended Dec. 31, 2019--	**--Fiscal year ended Dec. 31, 2018--**	**--Fiscal year ended Dec. 31, 2018--**	**--Fiscal year ended Dec. 31, 2018--**
(Mil. $)				
Revenue	438.2	847.8	724.6	1,694.3
EBITDA	128.8	353.4	157.2	381.9
Funds from operations (FFO)	103.7	313.4	130.5	319.6
Interest expense	27.2	60.1	32.5	71.2
Cash interest paid	24.3	48.7	26.7	40.6
Cash flow from operations	106.1	215.5	129.1	408.2
Capital expenditure	119.2	240.7	187.9	522.3
Free operating cash flow (FOCF)	(13.1)	(25.3)	(58.8)	(114.1)

Table 1

Unitil Corp. -- Peer Comparison (cont.)				
Discretionary cash flow (DCF)	(35.2)	(100.3)	(58.8)	(114.1)
Cash and short-term investments	5.2	16.1	39.3	4.9
Debt	620.6	1,237.1	659.1	1,481.3
Equity	376.8	1,917.1	696.3	1,453.9
Adjusted ratios				
EBITDA margin (%)	29.4	41.7	21.7	22.5
Return on capital (%)	7.9	8.2	8.3	8.9
EBITDA interest coverage (x)	4.7	5.9	4.8	5.4
FFO cash interest coverage (x)	5.3	7.4	5.9	8.9
Debt/EBITDA (x)	4.8	3.5	4.2	3.9
FFO/debt (%)	16.7	25.3	19.8	21.6
Cash flow from operations/debt (%)	17.1	17.4	19.6	27.6
FOCF/debt (%)	(2.1)	(2.0)	(8.9)	(7.7)
DCF/debt (%)	(5.7)	(8.1)	(8.9)	(7.7)

Financial Risk: Significant

Our base-case scenario forecast includes adjusted FFO to debt in the 17%-18% range, around the midpoint of the benchmark range. Cash flow from regulated utility operations consistently supports FFO because the company recovers capital investment on a timely basis through base rates and rate surcharges. The supplemental ratio of adjusted FFO cash interest coverage supports this determination because in our base-case scenario we expect the measure to average about 5x. We expect debt leverage, as measured by adjusted debt to EBITDA, to be between 4.0x and 4.5x.

We assess Unitil's financial risk profile using our medial volatility benchmarks, reflecting its lower-risk utility operations and effective regulatory risk management.

Financial summary

Table 2

Unitil Corp. -- Financial Summary				
Industry Sector: Combo				
	--Fiscal year ended Dec. 31--			
	2019	**2018**	**2017**	**2016**
(Mil. $)				
Revenue	438.2	444.1	406.2	383.4
EBITDA	128.8	125.1	130.6	124.0
Funds from operations (FFO)	103.7	99.8	107.4	100.0

Table 2

Unitil Corp. -- Financial Summary (cont.)

Industry Sector: Combo	--Fiscal year ended Dec. 31--			
	2019	**2018**	**2017**	**2016**
Interest expense	27.2	26.9	27.5	25.0
Cash interest paid	24.3	24.9	23.2	22.3
Cash flow from operations	106.1	79.6	87.3	69.4
Capital expenditure	119.2	102.4	119.3	98.1
Free operating cash flow (FOCF)	(13.1)	(22.8)	(32.0)	(28.7)
Discretionary cash flow (DCF)	(35.2)	(44.6)	(52.4)	(48.7)
Cash and short-term investments	5.2	7.8	8.9	5.8
Gross available cash	5.2	7.8	8.9	5.8
Debt	620.6	572.2	551.7	500.8
Equity	376.8	351.3	336.8	293.1
Adjusted ratios				
EBITDA margin (%)	29.4	28.2	32.2	32.3
Return on capital (%)	7.9	8.1	9.9	9.9
EBITDA interest coverage (x)	4.7	4.6	4.8	5.0
FFO cash interest coverage (x)	5.3	5.0	5.6	5.5
Debt/EBITDA (x)	4.8	4.6	4.2	4.0
FFO/debt (%)	16.7	17.4	19.5	20.0
Cash flow from operations/debt (%)	17.1	13.9	15.8	13.9
FOCF/debt (%)	(2.1)	(4.0)	(5.8)	(5.7)
DCF/debt (%)	(5.7)	(7.8)	(9.5)	(9.7)

Liquidity: Adequate

We assess Unitil's liquidity as adequate because the company's sources are likely to cover its uses by more than 1.1x over the next 12 months, even if EBITDA declines by 10%. The company has the likely ability to absorb high-impact, low-probability events without refinancing, has well-established and sound relationships with banks, a generally satisfactory standing in credit markets, and generally prudent risk management.

Principal Liquidity Sources	Principal Liquidity Uses
• Cash and liquid investments of about $10 million; • Cash FFO of about $100 million; and • Revolving credit facility availability of about $60 million.	• Maintenance capital spending of about $100 million; • Debt maturities of about $20 million; and • Dividends of about $25 million.

Other Credit Considerations

Our ratings on Unitil include a comparable ratings analysis modifier that is considered positive to reflect our view that the company's business risk profile is at the upper end of our assessment based on its lower-risk electric and gas distribution operations.

Environmental, Social, And Governance

Within its electric utility business, Unitil's environmental risk is somewhat lower as the company serves its customers predominantly through electricity from the New England wholesale market, mitigating exposure from compliance-related costs if it owned fossil-fuel-based generation. Within its natural gas operations, vintage gas infrastructure or changes in soil integrity can lead to leaks, potentially inciting an occasional safety incident. Further enhancing the importance of this factor is that although some social risks may not directly affect credit quality, they can influence the regulatory relationship, which would affect credit quality.

Group Influence

Under our group rating methodology, we assess Unitil as the parent of a group. Fitchburg Gas & Electric Light Co., Northern Utilities Inc., Unitil Energy Systems Inc., and Granite State Gas Transmission Inc. are core members to the Unitil group. Unitil's group credit profile is 'bbb+', leading to an issuer credit rating of 'BBB+'.

Reconciliation

Table 3

Reconciliation Of Unitil Corp. Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. $)

	--Fiscal year ended Dec. 31, 2019--						
Unitil Corp. reported amounts							
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**
	515.6	376.6	125.1	73.1	26.6	128.8	104.9
S&P Global Ratings' adjustments							
Cash taxes paid	--	--	--	--	--	-0.8	--
Cash taxes paid: Other	--	--	--	--	--	--	--
Cash interest paid	--	--	--	--	--	-24.1	--
Reported lease liabilities	4.5	--	--	--	--	--	--
Operating leases	--	--	1.4	0.2	0.2	-0.2	1.2

Table 3

Reconciliation Of Unitil Corp. Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. $) (cont.)							
Postretirement benefit obligations/deferred compensation	112.6	--	--	--	0.4	--	--
Accessible cash and liquid investments	-5.2	--	--	--	--	--	--
Share-based compensation expense	--	--	2.3	--	--	--	--
Nonoperating income (expense)	--	--	--	2.7	--	--	--
Noncontrolling interest/minority interest	--	0.2	--	--	--	--	--
Debt: Other	-6.9	--	--	--	--	--	--
Total adjustments	105	0.2	3.7	2.9	0.6	-25.1	1.2
S&P Global Ratings' adjusted amounts							
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**
	620.6	376.8	128.8	76	27.2	103.7	106.1

Ratings Score Snapshot

Issuer Credit Rating

BBB+/Stable/--

Business risk: Strong

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Satisfactory

Financial risk: Significant

- **Cash flow/leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Positive (+1 notch)

Stand-alone credit profile : bbb+

- **Group credit profile:** bbb+

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	**bbb**	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of March 25, 2020)*

Unitil Corporation	
Issuer Credit Rating	BBB+/Stable/--
Issuer Credit Ratings History	
23-Dec-2014	BBB+/Stable/--
Related Entities	
Fitchburg Gas and Electric Light Co.	
Issuer Credit Rating	BBB+/Stable/--

Ratings Detail (As Of March 25, 2020)*(cont.)	
Granite State Gas Transmission, Inc.	
Issuer Credit Rating	BBB+/Stable/--
Northern Utilities Inc	
Issuer Credit Rating	BBB+/Stable/--
Unitil Energy Systems Inc.	
Issuer Credit Rating	BBB+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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MOODY'S
INVESTORS SERVICE

CREDIT OPINION
20 July 2021

Update

Rate this Research

RATINGS

Unitil Corporation

Domicile	New Hampshire, United States
Long Term Rating	Baa2
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Edna R Marinelarena +1.212.553.1383
AVP-Analyst
edna.marinelarena@moodys.com

Christopher Doyle +1.212.553.8843
Associate Analyst
christopher.doyle@moodys.com

Michael G. Haggarty +1.212.553.7172
Associate Managing Director
michael.haggarty@moodys.com

Jim Hempstead +1.212.553.4318
MD - Global Infrastructure & Cyber Risk
james.hempstead@moodys.com

Unitil Corporation

Update to credit analysis

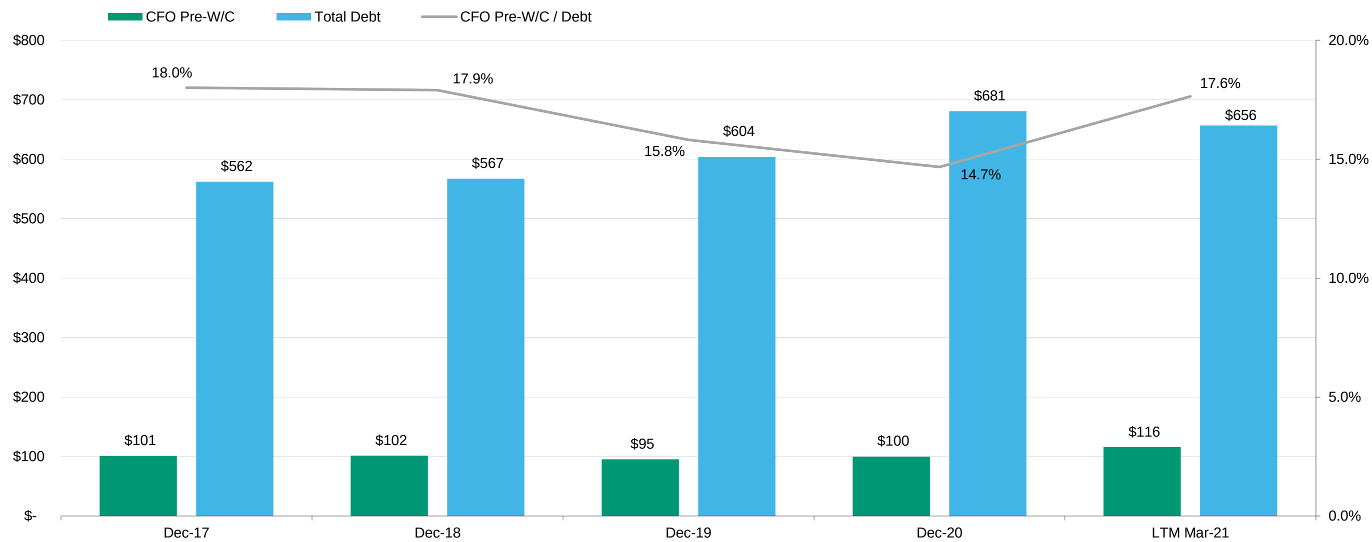
Summary

Unitil Corporation's (Unitil) credit profile reflects the low business risk of its regulated utilities operating in several credit supportive jurisdictions in the New England region. Unitil's business consists primarily of regulated electric transmission and distribution (T&D) utilities and natural gas local distribution companies (LDCs). Unitil's credit also considers structural subordination of its parent level debt compared to that of its operating subsidiaries, with parent long-term debt of about 13% of total consolidated debt as of 31 March 2021, although this is not likely to increase materially over the next several years. Unitil exhibits a stable financial profile, with a consistent ratio of consolidated cash flow from operation before changes in working capital (CFO pre-WC) to debt in the mid to high teens.

Similarly, the credit profiles of subsidiaries Unitil Energy Systems, Inc. (UES, Baa1 stable), Fitchburg Gas & Electric Light Company (FGE, Baa1 stable), and Northern Utilities, Inc. (NU, Baa1 stable) reflects each utility's low risk profile as regulated electric T&Ds or gas LDCs operating in the credit supportive regulatory jurisdictions of Massachusetts, New Hampshire and Maine. UES, FGE and NU benefit from several investment cost recovery and revenue decoupling mechanisms that allow the utilities to generate financial metrics that support their credit quality. We expect each utility's financial profile to remain stable such that UES, FGE and NU's ratios of CFO pre-WC to debt are sustained in the mid to high teens.

Granite State Gas Transmission, Inc.'s (GSGT, Baa2 stable) credit reflects its small size relative to other FERC regulated gas pipelines and solid financial metrics. GSGT operates mostly in and around NU's service territory in northern New England and the credit reflects the pipeline's contracted cash flow, of which about 70% is with NU. The remainder is with mostly unrated utilities and third-party gas marketing suppliers that serve a high demand region. GSGT has limited competition and exhibits a stable financial profile including an FFO to debt ratio in the mid teens.

Exhibit 1
Unitil Corp. Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt ($MM)



Source: Moody's Financial Metrics

Credit Strengths

» Diversified regulated utility holding company with no unregulated business exposure

» Low-risk utilities, primarily electric T&Ds and natural gas LDCs

» Credit supportive regulatory jurisdictions

Credit Challenges

» Small size and scale

» Exposure to commercial and industrial customers

Rating Outlook

Unitil's stable outlook reflects our expectation the company will continue to operate as a low-risk regulated utility holding company and maintain sound financial metrics, including a ratio of CFO pre-WC to debt in the mid to high teens. The stable outlook further incorporates no additional parent level debt in the medium-term.

The stable rating outlooks for Unitil's regulated utility subsidiaries, UES, FGE, NU and GSGT consider their consistent and predictable financial performance, which we expect will continue over the next several years, and their credit supportive regulatory jurisdictions.

Factors that Could Lead to an Upgrade

Unitil's rating could be upgraded if the rating of its largest subsidiaries were to be upgraded or if consolidated CFO pre-WC to debt increased to above 20% on a consistent basis.

UES, FGE and NU's ratings could be upgraded if their respective regulatory jurisdictions become more credit supportive through increased use of reconciling cost and investment recovery mechanisms (e.g., decoupling, forward test years, formula rates). The ratings could also be upgraded if CFO pre-WC to debt increased to above 25% on a sustained basis.

GSGT's rating could be upgraded if there is an improvement in its financial metrics such that its ratio of FFO to debt is sustained at 20%.

Factors that Could Lead to a Downgrade

Unitil's rating could be downgraded if the ratings of any of its largest subsidiaries are downgraded. A rating downgrade could also occur if Unitil's consolidated financial metrics deteriorated, such that its ratio of consolidated CFO pre-WC to debt declined below 14% on a sustained basis or if holding company debt as a percentage of consolidated debt increased to the mid-20% range.

UES, FGE and NU's ratings could be downgraded if their respective regulatory jurisdictions become less credit supportive or if their financial metrics deteriorated such that the ratio of CFO pre-WC to debt declined below 17% on a sustained basis.

GSGT's rating could be downgraded if there is a sustained deterioration in its financial performance, such that FFO to debt ratio declines below 12%. The rating could also be downgraded if there is a material deterioration in the credit quality of either the pipeline's shippers or Unitil.

Key Indicators

Unitil Corporation [1]

	Dec-17	Dec-18	Dec-19	Dec-20	LTM Mar-21
CFO Pre-W/C + Interest / Interest	4.6x	4.4x	4.3x	4.5x	5.0x
CFO Pre-W/C / Debt	18.0%	17.9%	15.8%	14.7%	17.6%
CFO Pre-W/C – Dividends / Debt	14.4%	14.1%	12.1%	11.4%	14.2%
Debt / Capitalization	58.8%	56.3%	56.3%	57.8%	55.9%

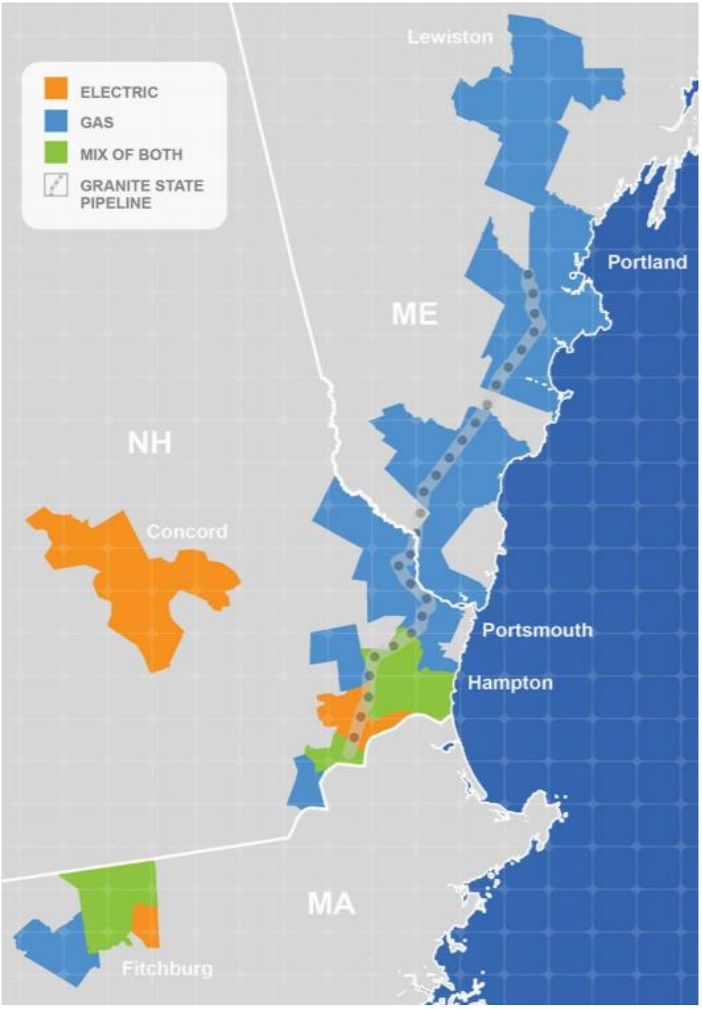
All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.
Source: Moody's Financial Metrics

Profile

Headquartered in Hampton, New Hampshire, Unitil Corporation is a utility holding company that serves close to 193,000 electric and gas customers in the greater northern New England region. Unitil's regulated utility subsidiaries include Unitil Energy Systems, Inc. (UES), an electric T&D that serves over 77,200 customers in New Hampshire; Fitchburg Gas & Electric Light Company (FGE), a gas and electric distribution company that serves approximately 46,000 customers in Massachusetts; Northern Utilities, Inc. (NU), a natural gas local distribution company (LDC) that serves over 69,400 customers in New Hampshire and Maine; and Granite State Gas Transmission, Inc. (GSGT), an 86 mile natural gas pipeline in New Hampshire and Maine.

UES is regulated by the New Hampshire Public Utilities Commission (NHPUC). FGE is regulated by the Massachusetts Department of Public Utilities (MDPU). NU is regulated by the NHPUC and the Maine Public Utilities Commission (MPUC). GSGT is regulated by the Federal Energy Regulatory Commission (FERC). Unitil had about $1.5 billion in assets as of 31 March 2021 and $427 million in revenue for the last twelve months ending 31 March 2021.

Exhibit 3
Unitil's service territory



Source: Company presentation

Detailed Credit Considerations

Low business risk utilities with modest exposure to C&I customers

Unitil's credit profile reflects the structural subordination of the holding company debt holders relative to the indebtedness of its operating utilities. Unitil's credit profile also incorporates the benefits associated with the regulatory and geographic diversification from owning four regulated utilities within the greater New England region.

Three of the four regulated utilities, UES, FGE and NU, are rated Baa1. The fourth regulated utility, a natural gas pipeline, GSGT, is rated Baa2. Unitil's holding company level debt of $69 million represented approximately 13% of the group's consolidated indebtedness. If parent level debt increased significantly from current levels, it could lead to a wider differential between the credit quality of the parent and its operating subsidiaries. However, we do not expect additional parent level debt over the next several years.

Unitil's corporate family of low-risk regulated utilities includes electric T&D's, natural gas LDCs and a FERC regulated natural gas pipeline. The majority of consolidated revenue is derived from utility services while only 2% of revenue is from natural gas transportation services. As shown in Exhibit 4, UES and NU are the largest of the four subsidiaries, which combined produced about 75% of total revenue.

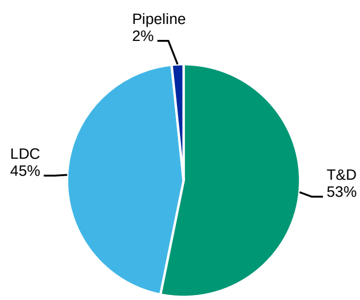
Exhibit 4
Unitil corporate family financial summary

Utility	Segment	State	Revenue	Revenue as % of Consolidated	Long-term Debt	LTD as % of Consolidated	Total Assets	Total Assets as % of Consolidated
Unitil Corporation	HoldCo	NH	$427	100%	$69	13%	$1,475	100%
Unitil Energy Systems, Inc.	T&D	NH	$159	37%	$103	20%	$379	26%
Fitchburg Gas & Electric Light	T&D/LDC	MA	$104	24%	$98	19%	$399	27%
Northern Utilities, Inc.	LDC	NH & ME	$162	38%	$230	45%	$636	43%
Granite State Gas Transmission, Inc.	Pipeline	NH & ME	$7	2%	$15	3%	$45	3%

As of LTM Q1 2021
Source: Unitil Corp filings

When considering a breakdown by segment, Exhibit 5 shows that about 53% of Unitil's revenue is generated by its electric T&D utilities, of which UES makes up close to 70% with FGE the remaining 30%. The LDC segment generates 45% of Unitil's revenue where 81% of this segment's revenue is derived from NU and the remaining 19% from FGE.

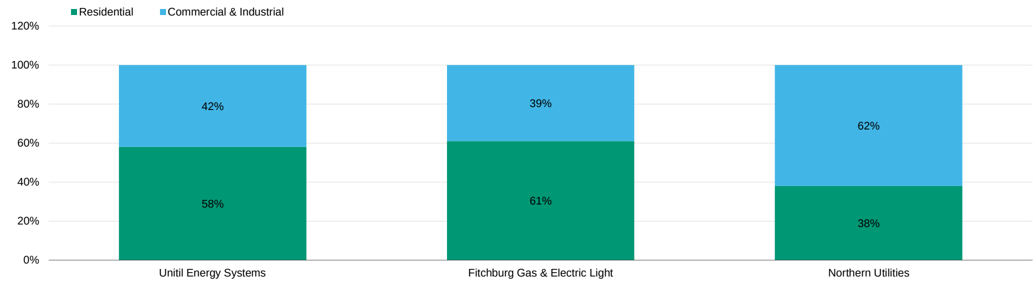
Exhibit 5
Unitil revenue breakdown by segment



Source: Unitil Corp filings

Unitil's material exposure to commercial and industrial (C&I) customers, which account for about 50% of annual revenue, does detract modestly from its low business risk profile (see Exhibit 6). Given the cyclical nature of C&I customer demand, they typically add more volatility to sales volume especially during economic downturns. This volatility can be mitigated with revenue decoupling mechanisms, which are currently only available to FGE in Massachusetts. In the absence of decoupling mechanisms, lower than anticipated volumes can have a negative impact on Unitil's subsidiaries' cash flow. NU has the highest exposure as over 60% of its revenue are from C&I customers, a credit negative. Although the company experienced some declines in C&I sales due to the coronavirus pandemic, residential sales mitigated some of the declines and, as of the first quarter of 2021, the company has seen an improvement given a return to normal economic operations.

Exhibit 6
2020 Revenue breakdown by customer class

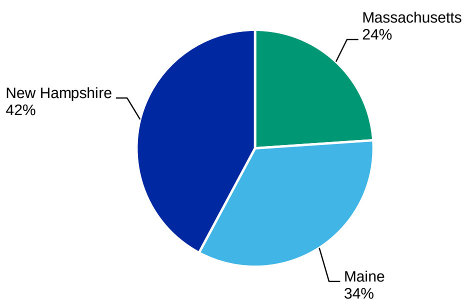


Source: Unitil Corp. Filings

Generally credit supportive regulatory jurisdictions in the New England region

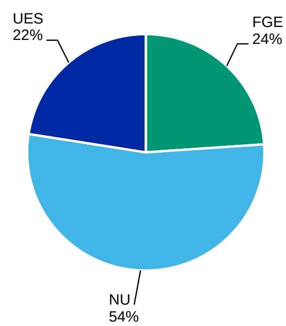
The Unitil family of utilities operate in New Hampshire, Maine and Massachusetts where we view the regulatory environments as credit supportive. The largest share of rate base is located within New Hampshire where NU, UES and GSGT operate (see Exhibit 7 and Exhibit 8). Each company has benefited from generally constructive rate case outcomes that support strong cash flow. Additional support is provided by approved cost recovery mechanisms such as capital investment trackers and decoupling in Massachusetts.

Exhibit 7
Unitil rate base breakdown by state



Source: Unitil Corp. Filings

Exhibit 8
Unitil rate base breakdown by utility



GSGT and NU rate base are combined
Source: Unitil Corp. Filings

Northern Utilities

NU's rate base is largely in Maine (63%) with the smaller portion in New Hampshire. The company filed its latest Maine general rate case in June 2019 and on 26 March 2020, the MPUC approved a base rate revenue increase of $3.6 million based on a 9.48% ROE and an equity ratio of 50%. Although the ROE was lowered slightly from 9.5%, the equity ratio remained the same. NU's rate filing was driven by investments in the system to improve reliability and resiliency as well as to meet customer growth. The company originally requested a $7 million base rate revenue increase based on a 10.5% ROE and 52.9% equity ratio.

Additionally, NU had requested an additional tracker called a Capital Investment Recovery Adjustment (CIRA) that would allow for annual adjustments to base rates for the recovery of capital expenditures for non-growth related infrastructure investments, which was not approved. However, in the previous 2017 general rate case, the MPUC reauthorized the Targeted Infrastructure Adjustment (TIRA), that allows the company recovery on its gas main pipeline replacement program for another eight years.

On 30 June 2021, NU filed a notice of intent to file a rate case in New Hampshire seeking a base rate increase of about $7.7 million premised on a pro forma 2020 test year. The company expects to file in the third quarter. The company's last general rate case in the state concluded in May 2018. The NHPUC authorized an annual revenue increase of $2.6 million and a step increase of $2.3 million to recover post-test year capital investments, which were offset by a $1.7 million revenue reduction associated with tax reform. The NHPUC approved NU's second step increase request of $1.4 million, effective 1 May 2019, to recover eligible capital investments in

2018. Based on the terms of the agreement, the company's next distribution base rate case could be filed until 2021 with a test year no earlier than the last twelve months ended 31 December 2020. In New Hampshire, NU is authorized an ROE of 9.5% and an equity ratio of 51.7%.

Fitchburg Gas & Electric Light

In Massachusetts, FGE uses a revenue decoupling mechanism for its electric and gas segments. Decoupling reconciles the utility's electric and gas distribution revenue, on an annual basis, to a baseline distribution service revenue level established by the MDPU. Decoupling insulates the utility's cash flow from fluctuations in its retail electric and gas sales, thus adding a higher level of stability and predictability, a credit positive. FGE also benefits from a long-term capital expenditure tracker that allows for annual revenue adjustments to recover capital investments for both electric and gas.

On 17 December 2019, FGE filed for a $2.7 million and $7.3 million increase in its electric and gas base revenue decoupling targets, respectively. On 17 April 2020, the MDPU approved a settlement agreement for both electric and gas base rates. The electric base rate settlement allowed for an increase of $1.1 million. The gas base rate settlement allows for an increase of $4.6 million to be phased in over two years. The first year increase totaled $3.7 million effective 1 March 2020 with the remaining $0.9 million increase effective 1 March 2021. Both settlements authorize a 9.7% ROE, lowered slightly from 9.8%, and an equity ratio 52.45%, increased from 52.17%.

As a part of the negotiated terms, FGE cannot seek new rates before 2023 unless there are extraordinary events that meet a certain impact threshold. The latest settlement also provides for the implementation of a major storm reserve fund, whereby FGE may recover the costs of restoration after 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 cumulative net capital expenditures.

Unitil Energy Systems

On 2 April 2021, UES filed its most recent rate case with the NHPUC requesting a permanent base rate revenue increase of $12 million. UES also requested a temporary base rate revenue increase of $5.8 million to take effect on or after 1 June 2021 and until a final order on permanent rates is issued. The proposed rate increases are based on a 10% ROE and 52.9% equity ratio. On 7 May 2021, a stipulation and settlement was reached with the NHPUC regarding temporary rates with the parties agreeing to a temporary increase of roughly $4.5 million. On 27 May 2021, an order was issued by the NHPUC approving the temporary increase which went into effect on 1 June 2021.

UES' last rate case was settled with a final order by the NHPUC on 20 April 2017. The final order authorized an initial revenue increase of $4.1 million and a three-year rate plan, which included an additional rate increase of $0.9 million in May 2017 and two additional revenue increases covering 80% of UES' change in net plant, property and equipment included in the rate plan. In April 2019, the NHPUC approved UES's final step adjustment representing a revenue increase of about $0.34 million, was effective 1 May 2019. As part of the final order in 2017, UES was granted an authorized ROE of 9.5% based on an equity ratio of 51%.

Granite State Gas Transmission

GSGT's operations are an integral part of NU's operations and service territory. The company's long-term debt outstanding consists of $15 million of notes due November 2027. GSGT accounts for less than 2% of Unitil's consolidated revenue. The FERC regulated interstate natural gas transmission pipeline solely services NU's customer territory in New Hampshire and Maine. GSGT gets natural gas from hubs in the Haverhill, MA area and provides NU with interconnection to three pipelines including the Portland Natural Gas Transmission System, Maritimes and Northeast Pipeline, L.L.C., and the Tennessee Gas Pipeline Company, L.L.C. (Baa2 stable).

GSGT derives approximately 80% of its revenue from gas transportation services provided to investment grade rated LDCs, including 70% from NU, while the remaining 20% of revenue is from third-party gas marketing suppliers. GSGT is highly dependent on NU's growth for future growth projects. GSGT's revenue and operations are regulated by FERC. On 30 November 2020, FERC approved an uncontested rate settlement that resulted in an increase in annual revenue of roughly $1.3 million, effective 1 November 2020. The settlement allowed for the filing of limited rate adjustments for capital cost projects eligible for cost recovery in 2021, 2022 and 2023. It also set a cap of about $14.6 million on the capital costs recoverable under such filings throughout the term of the settlement. The settlement also provided that GSGT not file a general rate case before April 2024.

Consistent cash flow generation resulting in stable financial metrics

Given the low-risk nature and predictable cash flow generation of its utilities, we expect Unitil and the entire family of companies to maintain stable financial profiles. Over the last five years, CFO pre-WC has averaged about $98 million. For the last twelve months ending 31 March 2021, Unitil's consolidated CFO pre-WC was $116 million, which fell short of covering its total capital expenditures of $120 million over the same period, more in line with prior years negative free cash flow levels. Unitil's ratio of consolidated CFO pre-WC to debt was a stronger 17.6% for the period and we expect the ratio to remain in the high teens over the next several years.

For the LTM Q121, UES, FGE and NU's ratios of CFO pre-WC to debt were 20.7%, 17.9% and 19.0%, respectively. We expect all three utilities to sustain stable financial metrics going forward and maintain ratios of CFO pre-WC to debt in the mid teens to 20% range.

GSGT's financial performance improved in recent years driven by a reduction in debt. For the LTM period ending 31 March 2021, FFO to debt reached a high of 19.2% from a low of 15.2% in 2017. We expect GSGT's financial metrics to remain sound ranging from the mid to high teens over the next several years.

ESG considerations

Environmental

Environmental considerations incorporated into our credit analysis for Unitil are primarily related to carbon regulations. Unitil is strongly positioned for carbon transition in the regulated utility sector with strategies and plans in place that substantially mitigate its carbon transition exposure. Moody's framework for assessing carbon transition risk is discussed in "Carbon transition risk for power generation varies widely by issuer" (2 December 2020).

Social

Social risks are primarily related to health and safety, demographic and societal trends, as well as customer relations as the company works to provide reliable and affordable service to customers and safe working conditions to employees. Regarding affordability, Moody's sees the potential for rising social risks associated with the coronavirus pandemic and its effect on Unitil's service territory, should unemployment remain high, making customers less able to absorb rate increases.

Governance

From a governance perspective, financial and risk management policies including a strong financial profile are important characteristics for managing environmental and social risks. We view the governance of Unitil as strong based on our assessment criteria.

Liquidity Analysis

Unitil's adequate liquidity profile is principally supported by the upstreamed dividends from its group of regulated utilities and access to external liquidity sources. Consistent with historical results, Unitil maintained a modest consolidated cash balance of $6.1 million as of 31 March 2021. Dividend distributions from its subsidiaries are the primary source of capital and totaled $27 million for the year ended 31 December 2020, which approximated Unitil's shareholder dividend distribution of $23 million for the same period. Unitil's capital contributions to its subsidiaries were $14 million for the LTM 31 March 2021 period ($8 million went to UES and $6 million went to NU).

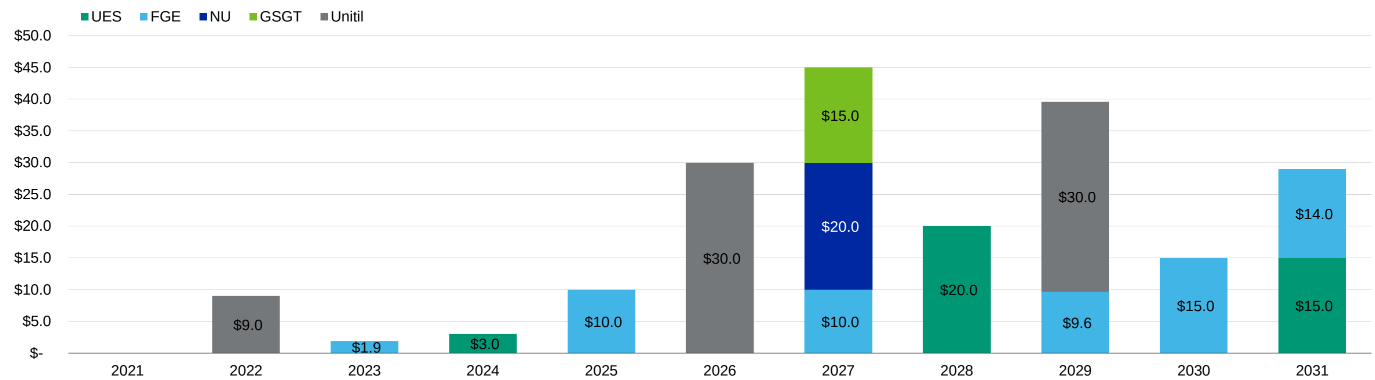
Unitil and all of its subsidiaries use a $120 million joint revolving credit facility that expires in July 2023. The revolver includes a $25 million sublimit for the issuance of standby letters of credit. The borrowing limit can be upsized an additional $50 million with lenders approval. The credit agreement has one financial covenant that sets a maximum total debt to capitalization of 65% and is tested quarterly, which Unitil is in compliance with. In addition, borrowings under the facility are subject to a material adverse change clause, which is not a typical clause for revolving credit agreements of investment grade rated companies.

Unitil typically uses its short-term borrowings to help fund its subsidiaries' capex programs, pension contributions, working capital requirements (including any storm related costs) and/or debt repayments until longer term financing is arranged. At 31 March 2021, Unitil had $82.7 million available on the revolver, net of $37.3 million of borrowings and no letters of credit outstanding. Although the subsidiaries have no short-term borrowing limits on the revolver, state regulators establish annual borrowing limits for UES and NU while the board of directors establish annual borrowing limits for FGE and GSGT. UES has a borrowing limit of $37.5 million, FGE's limit is $50 million, NU's limit is about $997.6 million and GSGT's limit is $25 million.

Unitil's $69 million of holding company debt includes unsecured notes due in May 2022, August 2026 and December 2029 (see exhibit 9). We expect that Unitil will continue to fund the group's planned capital investments, ranging from $130 — $140 million over the next three years, with a balanced mix of debt and equity, including internally generated cash flow, short-term borrowings on its revolving credit facility and long-term debt issuances. The subsidiaries' nearest long-term debt maturity is $1.9 million owed at FGE in November 2023.

Exhibit 9

Unitil and subsidiaries debt maturities over the next 10 years



Debt as of year-end 2020

Source: Unitil Corp. Filing

Appendix

Exhibit 10

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-17	Dec-18	Dec-19	Dec-20	LTM Mar-21
As Adjusted					
FFO	**93**	**92**	**95**	**96**	**102**
+/- Other	8	10	0	4	13
CFO Pre-WC	**101**	**102**	**95**	**100**	**116**
+/- ΔWC	(15)	(10)	13	(23)	(19)
CFO	**87**	**92**	**108**	**77**	**97**
- Div	20	22	22	23	23
- Capex	119	103	124	122	120
FCF	**(53)**	**(33)**	**(38)**	**(68)**	**(46)**
(CFO Pre-W/C) / Debt	18.0%	17.9%	15.8%	14.7%	17.6%
(CFO Pre-W/C - Dividends) / Debt	14.4%	14.1%	12.1%	11.4%	14.2%
FFO / Debt	16.6%	16.1%	15.8%	14.1%	15.6%
RCF / Debt	13.0%	12.3%	12.1%	10.7%	12.1%
Revenue	406	444	438	419	427
Cost of Good Sold	261	298	289	267	269
Interest Expense	28	30	29	29	29
Net Income	29	26	34	33	37
Total Assets	1,248	1,306	1,369	1,476	1,475
Total Liabilities	937	963	1,003	1,088	1,073
Total Equity	311	342	366	388	402

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM=Last Twelve Months
Source: Moody's Financial Metrics

Exhibit 11

Peer Comparison Table [1]

	Unitil Corporation			Avangrid, Inc.			NiSource Inc.			DTE Energy Company		
	Baa2 Stable			Baa1 Negative			Baa2 Stable			Baa2 Stable		
(in US millions)	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-19	FYE Dec-20	LTM Mar-21
Revenue	438	419	427	6,336	6,320	6,497	5,209	4,682	4,622	12,669	12,177	12,933
CFO Pre-W/C	95	100	116	1,452	1,298	1,412	1,525	1,318	1,339	3,003	3,592	3,624
Total Debt	604	681	656	9,059	12,086	11,784	10,276	10,258	10,279	18,285	20,221	21,221
CFO Pre-W/C / Debt	15.8%	14.7%	17.6%	16.0%	10.7%	12.0%	14.8%	12.8%	13.0%	16.4%	17.8%	17.1%
CFO Pre-W/C – Dividends / Debt	12.1%	11.4%	14.2%	9.3%	6.2%	7.3%	11.7%	9.4%	9.6%	12.2%	13.7%	13.2%
Debt / Capitalization	56.3%	57.8%	55.9%	34.4%	40.6%	39.7%	59.6%	59.9%	58.9%	56.1%	56.4%	57.2%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
Source: Moody's Financial Metrics

Rating Methodology and Scorecard Factors

Methodology Scorecard Factors

Unitil Corporation

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 3/31/2021		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.5x	A	4.5x-5.5x	A
b) CFO pre-WC / Debt (3 Year Avg)	17.2%	Baa	15% - 17%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	13.5%	Baa	11% - 13%	Baa
d) Debt / Capitalization (3 Year Avg)	55.0%	Baa	53% - 55%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		Baa1
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Scorecard-Indicated Outcome		Baa1		Baa2
b) Actual Rating Assigned		Baa2		Baa2

Methodology Scorecard Factors

Unitil Energy Systems, Inc. — Private

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 3/31/2021		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.8x	A	5.5x - 6.5x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	19.8%	A	17% - 19%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	15.3%	A	13% - 16%	Baa
d) Debt / Capitalization (3 Year Avg)	53.4%	Baa	51% - 53%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

Methodology Scorecard Factors

Northern Utilities, Inc. — Private

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 3/31/2021		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.8x	A	5.2x - 5.6x	A
b) CFO pre-WC / Debt (3 Year Avg)	17.9%	Baa	16.5% - 18.5%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	12.5%	Baa	12% - 14%	Baa
d) Debt / Capitalization (3 Year Avg)	47.5%	A	46% - 48%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Scorecard-Indicated Outcome		A3		A3
b) Actual Rating Assigned		Baa1		Baa1

Methodology Scorecard Factors

Fitchburg Gas & Electric Light Company — Private

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 3/31/2021		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.3x	Baa	5.5x - 6.5x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	15.6%	Baa	16% - 18%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	12.9%	Baa	12.5% - 14.5%	Baa
d) Debt / Capitalization (3 Year Avg)	57.3%	Baa	54% - 56%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		A3
HoldCo Structural Subordination Notching	0	0	0	0
a) Scorecard-Indicated Outcome		Baa1		A3
b) Actual Rating Assigned		Baa1		Baa1

Methodology Scorecard Factors

Granite State Gas Transmission, Inc. — Private

Natural Gas Pipelines Industry Scorecard [1][2]	Current LTM 3/31/2021		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Market Position (15%)	**Measure**	**Score**	**Measure**	**Score**
a) Demand Growth	Baa	Baa	Baa	Baa
b) Competition	A	A	A	A
c) Volume Risk & Throughput Trend	Baa	Baa	Baa	Baa
Factor 2 : Quality of Supply Source (10%)				
a) Supply Source	A	A	A	A
Factor 3 : Contract Quality (30%)				
a) Firm Revenues	Baa	Baa	Baa	Baa
b) Contract Life	Baa	Baa	Baa	Baa
c) Shipper Quality / Recontracting Risk	Baa	Baa	Baa	Baa
Factor 4 : Financial Strength (45%)				
a) (FFO + Interest) / Interest	5.7x	A	6.5x - 7.5x	Aaa
b) FFO / Debt	19.2%	Baa	15.5% - 17.5%	Baa
c) (FFO - Dividends) / Debt	13.5%	Baa	11% - 12%	Ba
Rating:				
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.
[2] As of 3/31/2021(L)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics

Ratings

Exhibit 18

Category	Moody's Rating
UNITIL CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
GRANITE STATE GAS TRANSMISSION, INC.	
Outlook	Stable
Issuer Rating	Baa2
NORTHERN UTILITIES, INC.	
Outlook	Stable
Issuer Rating	Baa1
UNITIL ENERGY SYSTEMS, INC.	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
FITCHBURG GAS & ELECTRIC LIGHT COMPANY	
Outlook	Stable
Issuer Rating	Baa1

Source: Moody's Investors Service

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