NORTHERN UTILITIES, INC.

CERTIFICATION TO NOTEHOLDERS

I hereby certify that the accompanying Balance Sheets as of December 31, 2020 and December 31, 2019, Statements of Earnings for the years ended December 31, 2020, 2019 and 2018, Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018 and Statements of Changes in Shareholder's Equity for the years ended December 31, 2020, 2019 and 2018 were, to the best of my knowledge and belief, properly prepared and are correct.

I additionally certify that the accompanying calculation worksheets, pursuant to Sections 10.1 and 10.5 of the Northern Utilities Inc. Note Purchase Agreements, were, to the best of my knowledge and belief, properly prepared and are correct.

I also certify that I have reviewed the provisions of the Northern Utilities, Inc. Note Purchase Agreements, and to the best of my knowledge and belief the Company was, and remains in compliance with the provisions of these Agreements and no Default or Event of Default exists or occurred during the period of the financial statements ending December 31, 2020 and up to the date of this certification.

Daniel J. Hurstak
Controller

March 22, 2021

Northern Utilities, Inc.

(a) Ratio of Funded Indebtedness to Total Capitalization

The information below is being provided in accordance with Section 10.1 (a) of the Note Purchase Agreements for Northern Utilities, Inc.'s 5.29% Senior Notes, due March 2, 2020 ,3.52% Senior Notes, due November 1, 2027, 7.72% Senior Notes, due December 3, 2038, 4.42% Senior Notes, due October 15, 2044, 4.32% Senior Notes, due November 1, 2047, 4.04% Senior Notes due September 12, 2049 and 3.78% Senior Notes, due September 15, 2040.

		(Millions) As of December 31, 2020
Funded Indebtedness [(1)]	$	228.6
Total Capitalization	$	460.2
Funded Indebtedness / Total Capitalization [(2)]		49.7%

[(1)] Funded Indebtedness is Total Capitalization less Common Stock Equity as of the balance sheet date.

[(2)] Per Section 10.1(a) of the Note Purchase Agreements, Funded Indebtedness cannot exceed 65% of Total Capitalization.

Northern Utilities, Inc.

(a) Restrictions on Dividends

The information below is being provided in accordance with Section 10.1 (a) of the Note Purchase Agreements for Northern Utilities, Inc.'s 5.29% Senior Notes, due March 2, 2020 ,3.52% Senior Notes, due November 1, 2027, 7.72% Senior Notes, due December 3, 2038, 4.42% Senior Notes, due October 15, 2044, 4.32% Senior Notes, due November 1, 2047, 4.04% Senior Notes due September 12, 2049 and 3.78% Senior Notes, due September 15, 2040. As Section 11 (f) of the Note Purchase Agreements contains cross-default provisions, the most restrictive calculation of the amount "Available for Dividends" is being provided here.

	(Millions) As of December 31, 2020	
Stated Amount	$	168.0
Add: Equity Contributions - 2020		6.4
Add: Net Income - 2020		14.7
Subtotal	**$**	**189.1**
Less: Dividends Declared / Paid - 2020		14.6
Available for Dividends [1]	**$**	**174.5**

[1] Per Section 10.5 (a) of the Note Purchase Agreements, the Company may not declare or pay any dividend (other than dividends payable solely in shares of its own common stock) or make any other distributions of cash, property or assets on any shares of any class of its capital stock or apply any of its cash, property or assets (other than amounts equal to net proceeds received from the sale of common stock of the Company subsequent to the date of the Agreements) to the purchase or retirement of, or make any other distribution, through reduction of capital or otherwise, in respect of any shares of its capital stock in excess of the amount "Available for Dividends".

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northern Utilities, Inc.
Hampton, NH

We have audited the accompanying financial statements of Northern Utilities, Inc. (the "Company") (a wholly-owned subsidiary of Unitil Corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of earnings, changes in shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Utilities, Inc. 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 accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 22, 2021

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

NORTHERN UTILITIES, INC.

For the Period Ended December 31, 2020

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
($ in Millions)

	Year Ended December 31,		
	2020	2019	2018
Operating Revenues	**$ 155.5**	$ 166.6	$ 179.1
Operating Expenses:			
Cost of Gas Sales	**63.2**	73.3	90.7
Operation and Maintenance	**28.6**	30.6	29.5
Depreciation and Amortization	**21.6**	20.1	16.9
Taxes Other Than Income Taxes	**10.4**	9.4	8.8
Total Operating Expenses	**123.8**	133.4	145.9
Operating Income	**31.7**	33.2	33.2
Interest Expense	**10.8**	10.6	10.4
Other Expense (Income), Net	**0.6**	0.2	1.0
Income Before Income Taxes	**20.3**	22.4	21.8
Income Taxes	**5.6**	6.2	6.0
Net Income	**$ 14.7**	$ 16.2	$ 15.8

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

NORTHERN UTILITIES, INC.
BALANCE SHEETS
($ in Millions)

	December 31, 2020	December 31, 2019
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ **0.4**	$ 0.3
Accounts Receivable – (Net of Allowance for Doubtful Accounts of $1.2 and $0.4)	**22.8**	21.1
Due from Affiliates	**1.5**	---
Accrued Revenue	**15.2**	12.4
Exchange Gas Receivable	**4.4**	5.5
Gas Inventory	**0.3**	0.4
Materials and Supplies	**5.2**	4.9
Prepayments and Other	**2.0**	1.9
Total Current Assets	**51.8**	46.5
Utility Plant:		
Gas	**687.7**	621.6
Construction Work in Progress	**13.3**	12.5
Utility Plant	**701.0**	634.1
Less: Accumulated Depreciation	**145.5**	112.7
Net Utility Plant	**555.5**	521.4
Other Noncurrent Assets:		
Regulatory Assets	**27.9**	23.8
Operating Lease – Right of Use Assets	**1.6**	1.1
Other Assets	**2.1**	2.1
Total Other Noncurrent Assets	**31.6**	27.0
TOTAL ASSETS	$ **638.9**	$ 594.9

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

NORTHERN UTILITIES, INC.
BALANCE SHEETS
($ in Millions, except par value and shares data)

	December 31, 2020	December 31, 2019
LIABILITIES AND CAPITALIZATION:		
Current Liabilities:		
Accounts Payable	$ 10.0	$ 11.7
Short-Term Debt	26.7	28.5
Long-Term Debt, Current Portion	---	8.1
Energy Supply Contract Obligations	4.4	5.5
Dividends Payable	3.7	3.3
Due to Affiliates	---	0.9
Environmental Obligations	0.2	0.6
Regulatory Liabilities	0.4	1.0
Other Current Liabilities	4.6	4.8
Total Current Liabilities	50.0	64.4
Noncurrent Liabilities:		
Deferred Income Taxes	42.4	36.5
Cost of Removal Obligations	29.8	30.3
Retirement Benefit Obligations	38.1	31.0
Regulatory Liabilities	15.5	15.8
Environmental Obligations	1.8	2.1
Operating Leases – Less Current Portion	1.1	0.7
Other Noncurrent Liabilities	---	0.1
Total Noncurrent Liabilities	128.7	116.5
Capitalization:		
Long-term Debt, Less Current Portion	228.6	188.9
Shareholder's Equity:		
Common Stock, $10 Par Value		
Authorized - 200 shares		
Issued and Outstanding - 100 shares	207.1	200.7
Retained Earnings	24.5	24.4
Total Shareholder's Equity	231.6	225.1
Total Capitalization	460.2	414.0
Commitments and Contingencies (Note 5)		
TOTAL LIABILITIES AND CAPITALIZATION	$ 638.9	$ 594.9

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

NORTHERN UTILITIES, INC.
STATEMENTS OF CASH FLOWS
($ in Millions)

	Year Ended December 31, 2020	2019	2018
Operating Activities:			
Net Income	$ **14.7**	$ 16.2	$ 15.8
Adjustments to Reconcile Net Income to Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	**21.6**	20.1	16.9
Deferred Tax Provision	**5.6**	6.2	6.0
Changes in Working Capital Items:			
Accounts Receivable	**(1.7)**	6.6	(1.9)
Accrued Revenue	**(2.8)**	8.2	(2.0)
Exchange Gas Receivable	**1.1**	2.0	(2.1)
Due to/from Affiliates	**(2.4)**	0.9	2.8
Accounts Payable	**(1.7)**	(4.2)	(0.8)
Regulatory Liabilities	**(0.6)**	0.6	(2.1)
Other Changes in Working Capital Items	**(1.0)**	(0.3)	1.1
Deferred Regulatory and Other Charges	**(0.8)**	0.3	1.4
Other, net	**2.7**	(0.8)	(8.6)
Cash Provided by Operating Activities	**34.7**	55.8	26.5
Investing Activities:			
Property, Plant, and Equipment Additions	**(55.4)**	(69.6)	(53.3)
Cash Used in Investing Activities	**(55.4)**	(69.6)	(53.3)
Financing Activities:			
(Repayment of) Proceeds from Short-Term Debt, net	**(1.8)**	(29.7)	55.2
Issuance of Long-Term Debt	**40.0**	40.0	---
Repayment of Long-Term Debt	**(8.2)**	(8.4)	(18.3)
Long-Term Debt Issuance Costs	**(0.2)**	(0.2)	---
Net (Decrease) Increase in Exchange Gas Financing	**(1.1)**	(2.0)	2.1
Dividends Paid	**(14.3)**	(11.8)	(11.9)
Equity Contribution	**6.4**	25.5	---
Cash Provided by Financing Activities	**20.8**	13.4	27.1
Net Increase (Decrease) in Cash and Cash Equivalents	**0.1**	(0.4)	0.3
Cash and Cash Equivalents at Beginning of Year	**0.3**	0.7	0.4
Cash and Cash Equivalents at End of Year	$ **0.4**	$ 0.3	$ 0.7
Supplemental Cash Flow Information:			
Interest Paid	$ **9.8**	$ 9.4	$ 10.0
Income Taxes Paid (Refunded)	$ **---**	$ ---	$ 0.6
Non-cash Investing Activity:			
Capital Expenditures Included in Accounts Payable	$ **0.5**	$ 0.1	$ 0.1
Right of Use Assets Obtained in Exchange for Lease Obligations	$ **0.5**	$ 1.1	$ ---

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

NORTHERN UTILITIES, INC.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
($ in Millions)

	Common Equity	Retained Earnings	Total
Balance at January 1, 2018	$ 175.2	$ 16.1	$ **191.3**
Net Income		15.8	**15.8**
Dividends Declared ($99,881 Per Common Share)		(9.9)	**(9.9)**
Balance at December 31, 2018	$ 175.2	$ 22.0	$ **197.2**
Net Income		16.2	**16.2**
Dividends Declared ($138,510 Per Common Share)		(13.8)	**(13.8)**
Equity Contribution	25.5		**25.5**
Balance at December 31, 2019	$ 200.7	$ 24.4	$ **225.1**
Net Income		14.7	**14.7**
Dividends Declared ($146,663 Per Common Share)		(14.6)	**(14.6)**
Equity Contribution	6.4		**6.4**
Balance at December 31, 2020	$ 207.1	$ 24.5	$ **231.6**

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

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Northern Utilities, Inc. (Northern Utilities or Company), a wholly-owned subsidiary of Unitil Corporation (Unitil), 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 and is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC) and the Maine Public Utilities Commission (MPUC). Northern Utilities' accounting policies conform with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP).

COVID-19 - 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 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, and the actions to contain the coronavirus or treat its effect, among others. In particular, the continued spread of the coronavirus could adversely affect the Company's business, including (i) by disrupting Northern Utilities' employees and contractors ability to provide ongoing services to Northern Utilities, (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 the Company's financial condition, results of operations, and cash flows.

Transactions with Affiliates - In addition to its investment in Northern Utilities, Unitil has interests in two other distribution utility companies, one doing business in New Hampshire and one doing business in Massachusetts, an interstate natural gas transmission pipeline company (Granite State), a service company (Unitil Service Corp.), a realty company, a power company, and a non-regulated company.

Transactions among Northern Utilities and other affiliated companies include professional and management services rendered by Unitil Service Corp. of approximately $24.8 million, $26.1 million and $23.9 million in the years ended December 31, 2020, 2019 and 2018, respectively. The Company's transactions with affiliated companies are subject to review by the NHPUC, MPUC and the Federal Energy Regulatory Commission (FERC).

In 2019 and 2020, Northern Utilities received capital contributions of $25.5 million and $6.4 million, respectively, from Unitil.

Approximately 7%, 6% and 5% of the Company's natural gas purchases for the years ended December 31, 2020, 2019 and 2018, respectively, were from Granite State.

Use of Estimates - The preparation of financial statements in conformity with U.S. 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

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

(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 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 the MPUC and NHPUC which determine the amount of revenue the Company will record for these items. Revenue from rate adjustment mechanisms is recognized as accrued revenue and authorized by the MPUC and NHPUC 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.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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 from alternative revenue programs.

The following table presents revenue classified by the types of goods/services rendered and market/customer type.

	Twelve Months Ended December 31,		
Gas Operating Revenues ($ millions):	**2020**	**2019**	**2018**
Billed and Unbilled Revenue:			
Residential	$ 54.5	$ 61.9	$ 61.5
C&I	91.7	106.4	105.7
Other	4.9	7.8	6.9
Total Billed and Unbilled Revenue	151.1	176.1	174.1
Rate Adjustment Mechanism Revenue	4.4	(9.5)	5.0
Total Gas Operating Revenues	**$ 155.5**	**$ 166.6**	**$ 179.1**

Retirement Benefit Costs - The Company co-sponsors the Pension Plan, which is a defined benefit pension plan. The Pension Plan was closed to new non-union employees effective January 1, 2010. The Pension Plan was closed to United Steelworkers of America Local 12012-6 employees hired subsequent to December 31, 2010 and to Utility Workers Union of America Local 341 employees hired subsequent to April 1, 2012. The Company also co-sponsors a non-qualified retirement plan, the SERP, covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company co-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 7 (Retirement Benefit Obligations).

Depreciation - 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 impact on the Company's financial statements. Provisions for depreciation were equivalent

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

to an annual composite rate of 3.01%, 3.04% and 2.96% in 2020, 2019 and 2018, respectively, based on the average depreciable property balances at the beginning and end of the year. Depreciation expense for Northern Utilities was $19.4 million, $17.9 million and $16.2 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Sales Taxes - The Company bills its customers sales tax in Maine. This tax is remitted to the Maine Revenue Service and is excluded from revenues on the Company's Statements of Earnings. There is no sales tax in New Hampshire.

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 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 penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the 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 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.

Unitil Corporation and its subsidiaries, including Northern Utilities, file consolidated federal income tax returns as well as combined or separate state income tax returns. Federal and state income taxes paid by Unitil Corporation are collected from, or refunded to, Unitil Corporation's subsidiaries based on a tax sharing agreement between Unitil Corporation and each of its affiliated subsidiaries. The tax sharing agreement apportions taxes paid among Unitil Corporation and its subsidiaries as though each affiliate had filed a separate tax return.

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.

Allowance for Uncollectible 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 is authorized by the MPUC and NHPUC to recover the costs of its energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the allowance for doubtful accounts requires judgment about the assumptions used in the analysis. The Company's experience

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

has been that the assumptions used in evaluating the adequacy of the allowance for doubtful accounts have proven to be reasonably accurate.

Accounts Receivable, Net includes $1.1 million and $0.4 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 $0.1 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.

	December 31,	
Accrued Revenue ($ millions)	**2020**	2019
Regulatory Assets – Current	**$ 8.4**	$ 5.0
Unbilled Revenues	**6.8**	7.4
Total Accrued Revenue	**$ 15.2**	$ 12.4

Exchange Gas Receivable - The Company has a gas exchange and storage agreement 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. Exchange Gas Receivable was $4.4 million and $5.5 million at December 31, 2020 and 2019, respectively. Although the asset management agreement associated with the exchange gas receivable may qualify as an embedded derivative because its terms contain notional amounts, the Company does not classify the agreement as a derivative because it meets the criteria for exception as a contract for normal purchases and normal sales, as such instruments are defined per the FASB Codification.

Gas Inventory - The Company uses the weighted average cost methodology to value natural gas inventory. Natural gas inventory was $0.3 million and $0.4 million at December 31, 2020 and 2019, respectively.

	December 31,	
Gas Inventory ($ millions)	**2020**	2019
Natural Gas	**$ 0.3**	$ 0.4
Liquefied Natural Gas	**---**	---
Total Gas Inventory	**$ 0.3**	$ 0.4

Materials and Supplies - Materials and Supplies consist of distribution construction and repair materials. Materials and Supplies are stated at average cost and are issued from stock using the average cost of existing stock. Materials and Supplies are recorded when purchased and subsequently charged to expense or capitalized to property, plant, and equipment when installed. Materials and Supplies were $5.2 million and $4.9 million at December 31, 2020 and 2019, respectively.

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

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

an allowance for funds used during construction (AFUDC). The average annualized interest rate applied to AFUDC was 2.88%, 4.32% and 2.64% in 2020, 2019 and 2018, respectively. The costs of current repairs and minor replacements are charged to operating expense accounts. The original cost of utility plant retired or otherwise disposed of and the cost of removal, less salvage, are 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, depreciation amounts to provide for future negative salvage value. At December 31, 2020 and 2019, the cost of removal amounts, which are recorded on the Company's Balance Sheets in Cost of Removal Obligations, were estimated to be $29.8 million and $30.3 million, respectively.

Regulatory Accounting - Northern Utilities' principal business is the distribution of natural gas and it is regulated by the MPUC and NHPUC. 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.

	December 31,	
Regulatory Assets consist of the following ($ millions)	**2020**	2019
Retirement Benefit Obligations	**$ 21.4**	$ 16.6
Rate Adjustment Mechanisms	**7.1**	3.8
Environmental Obligations	**4.5**	5.9
Income Taxes	**0.9**	1.2
Other	**2.4**	1.3
Total Regulatory Assets	**$ 36.3**	$ 28.8
Less: Current Portion of Regulatory Assets (1)	**8.4**	5.0
Regulatory Assets - noncurrent	**$ 27.9**	$ 23.8

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

	December 31,	
Regulatory Liabilities consist of the following ($ millions)	**2020**	2019
Rate Adjustment Mechanisms	**$ 0.4**	$ 1.0
Income Taxes	**15.2**	15.4
Other	**0.3**	0.4
Total Regulatory Liabilities	**15.9**	16.8
Less: Current Portion of Regulatory Liabilities	**0.4**	1.0
Regulatory Liabilities - noncurrent	**$ 15.5**	$ 15.8

Generally, the Company receives a return on investment on its Regulatory Assets for which a cash outflow has been made. Included in Regulatory Assets as of December 31, 2020 are $4.3 million of environmental costs, rate case costs and other expenditures to be recovered over the next seven years. Regulators have authorized recovery of these expenditures, but without a return. The Company expects that it will recover all its investments in long-lived assets through its utility rates, including those amounts recognized as Regulatory Assets.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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 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 2 (Debt and Financing Arrangements).

Derivatives - The Company enters into energy supply contracts to serve its 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 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 the Company, any gains or losses resulting from the change in the fair value of these derivatives were passed through to ratepayers directly through the Company's 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 and 2019.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

Energy Supply Obligations - The Company enters into asset management agreements under which it 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 volumes related to these agreements are recorded in Exchange Gas Receivable on the Company's Balance Sheets while the corresponding obligations are recorded in Energy Supply Obligations.

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 Commitments and Contingencies footnote to the Company's Financial Statements below. See Note 5 (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 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 5, Commitments and Contingencies below. 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.

Off-Balance Sheet Arrangements - As of December 31, 2020, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements.

Concentrations of Credit Risk - Financial instruments that subject the Company to credit risk concentrations consist of cash and cash equivalents and accounts receivable. 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. Accounts receivable may be affected by changes in economic conditions. However, the Company believes that the credit risk associated with accounts receivable is offset by the diversification of the Company's customer base. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents and accounts receivable.

Subsequent Events - The Company has evaluated all events or transactions through March 22, 2021, the date the Financial Statements were available to be issued. During this period, the Company did not have any material subsequent events that would result in adjustment to or disclosure in its Financial Statements.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

NOTE 2: DEBT AND FINANCING ARRANGEMENTS

Long-Term Debt and Interest Expense

All the Company's long-term debt is issued under unsecured promissory notes with negative pledge provisions, which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for the Company to issue new long-term debt, covenants of the existing long-term agreements must be satisfied, including that the Company has total funded indebtedness less than 65% of total capitalization. The Company's unsecured promissory note agreements require that if it defaults on any long-term debt agreement, it would constitute a default under all its long-term debt agreements. The default provisions are not triggered by the actions or defaults of other companies owned by Unitil. The Company's long-term debt agreements also contain covenants restricting its ability to incur liens and to enter into sale and leaseback transactions, and restricting its ability to consolidate with, to merge with or into or to sell or otherwise dispose of all or substantially all of its assets.

On September 15, 2020, Northern Utilities issued $40 million of Notes due 2040 at 3.78% and 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 this issuance have been recorded as a reduction to Long-Term Debt for presentation purposes on the 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 netted against Long-Term Debt for presentation purposes on the Company's Balance Sheets.

Details of long-term debt at December 31, 2020 and 2019 are shown in the following table:

Long-term Debt ($ millions)	December 31, 2020	2019
Senior Notes:		
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
Total Long-Term Debt	**230.0**	198.2
Less: Unamortized Debt Issuance Costs	**1.4**	1.2
Total Long-Term Debt, net of Unamortized Debt Issuance Costs	**228.6**	197.0
Less: Current Portion	---	8.1
Total Long-Term Debt, Less Current Portion	**$ 228.6**	$ 188.9

The aggregate amount of Note repayment requirements is zero in each of 2021 – 2025 and $230.0 million thereafter.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

The fair value of the Company's long-term debt is estimated based on quoted market prices for the same or similar issues, or on current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt at December 31, 2020 is estimated to be approximately $286.5 million, before considering any costs, including prepayment costs, to market the Company's debt. Currently, management 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 quoted market prices for the same or similar issues, or on 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.

Credit Arrangements

Northern Utilities' short-term borrowings are presently provided under a cash pooling and loan agreement between Unitil and its subsidiaries. Under the existing pooling and loan agreement, Unitil Corporation borrows, as required, from its banks on behalf of its subsidiaries. At December 31, 2020, Unitil had unsecured committed bank lines of credit for short-term debt aggregating $120 million. The weighted average interest rates on all short-term borrowings were 1.7%, 3.4% and 3.3% during 2020, 2019 and 2018, respectively. The Company had short-term debt outstanding through bank borrowings of approximately $26.7 million and $28.5 million at December 31, 2020 and 2019, respectively.

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.

Leases

The Company leases some of its vehicles under operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2020, 2019 and 2018 amounted to $0.7 million, $0.5 million and $0.8 million respectively.

The balance sheet classification of the Company's lease obligations is presented in the following table:

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

Lease Obligations (millions)	December 31, 2020	December 31, 2019
Operating Lease Obligations:		
Other Current Liabilities (current portion)	$ 0.5	$ 0.4
Operating Leases, Less Current Portion (noncurrent portion)	1.1	0.7
Total Lease Obligations	$ 1.6	$ 1.1

Cash paid for amounts included in the measurement of operating lease obligations for the twelve months ended December 31, 2020 and 2019 was $0.7 million and $0.5 million, respectively, and was included in Cash Provided by Operating Activities on the Statements of Cash Flows.

The following table is a schedule of future operating lease payment obligations as of December 31, 2020. The payments for operating leases consist of $0.5 million of current operating lease obligations, which are included in Other Current Liabilities and $1.1 million of noncurrent operating lease obligations, which are included in Operating Leases, Less Current Portion, on the Company's Balance Sheets as of December 31, 2020.

Lease Payments ($000's) Year Ending December 31,	Operating Leases
2021	$ 584
2022	448
2023	382
2024	289
2025	50
2026-2030	---
Total Payments	1,753
Less: Interest	141
Amount of Lease Obligations Recorded on Balance Sheets	$ 1,612

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 3.5 years and the weighted average operating discount rate used to determine the operating lease obligations was 4.7%. As of December 31, 2019, the weighted average remaining lease term is 3.2 years and the weighted average operating discount rate used to determine the operating lease obligations was 4.9%.

NOTE 3: RESTRICTION ON DIVIDENDS

Under the terms of the Note Purchase Agreements relating to Northern Utilities' Senior Notes, $174.5 million was available for dividends and similar distributions at December 31, 2020. Common dividends declared by Northern Utilities are paid exclusively to Unitil Corporation.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

NOTE 4: ENERGY SUPPLY

Natural Gas Supply:

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 the Company's largest New Hampshire gas customers, representing 39% of the Company's New Hampshire gas therm sales, and 67% of the Company's largest Maine customers, representing 25% of the Company's Maine gas therm sales, purchased their gas supply from a third-party supplier.

The approved costs associated with the acquisition of such wholesale natural gas supplies for 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 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.

NOTE 5: COMMITMENTS AND CONTINGENCIES

Regulatory Matters

Overview - Northern Utilities is a New Hampshire corporation and a public utility under both New Hampshire and Maine law. Northern Utilities provides natural gas distribution services to approximately 69,400 customers in 47 New Hampshire and southern Maine communities at rates established under traditional cost of service regulation. Under this regulatory structure, the Company recovers the cost of providing distribution service to its customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. The Company's business customers are entitled to purchase their natural gas supplies from third-party suppliers. Most small and medium-sized customers, however, continue to purchase such supplies through the Company as the provider of basic service energy supply. The Company purchases natural gas for basic service from unaffiliated wholesale suppliers and recovers the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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 Northern Utilities, issued orders directing how the tax law changes were to be reflected in rates. Northern Utilities has complied with these orders and has made the required changes to its rates as directed by the commissions.

On November 21, 2019, 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.

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. On March 9, 2021, the MPUC opened a new docket and issued the notice of investigation to determine the amount of customer information system costs that will be allowed in rates. 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.

Targeted Infrastructure Replacement Adjustment - 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.

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.

Financial Effects of COVID-19 Pandemic - The NHPUC has opened a proceeding 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

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

with service disconnection moratoriums, the waiver of certain 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. Northern Utilities is an active participant in this proceeding, and is in full compliance with all regulatory orders governing service shut-off moratoriums and other customer service protection measures. These matters remain pending.

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 - Northern Utilities has a number of regulatory reconciling accounts which require annual or semi-annual filings with the MPUC and NHPUC, respectively, to reconcile costs and revenues and seek approval of any rate changes. These filings include: costs associated with energy efficiency programs in New Hampshire as directed by the NHPUC; and the actual wholesale energy costs for natural gas incurred by Northern Utilities. Northern Utilities has been and remains 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.

Contractual Obligations

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

Gas Supply Contractual Obligations as of December 31, 2020 (millions)	Payments Due by Period Total	2021	2022	2023	2024	2025	2026 & Beyond
Gas Supply Contracts	$ 542.7	$ 52.7	$ 47.0	$ 44.2	$ 35.3	$ 34.9	$ 328.6

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, we 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.

Manufactured Gas Plant (MGP) Sites - Northern Utilities has an extensive program to identify, investigate and remediate former manufactured gas plant (MGP) sites, which were operated from the

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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 below 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.

Environmental Obligations

	(millions)	
	2020	**2019**
Total Balance at Beginning of Period	**$ 2.7**	$ 2.0
Additions	**0.1**	0.9
Less: Payments / Reductions	**0.8**	0.2
Total Balance at End of Period	**$ 2.0**	$ 2.7
Less: Current Portion	**0.2**	0.6
Noncurrent Balance at End of Period	**$ 1.8**	$ 2.1

Litigation - The Company is also involved in other legal and administrative proceedings and claims of various types, 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 impact on its financial position, operating results or cash flows.

Market Risk - Although the Company is subject to commodity price risk as part of its traditional operations, the current regulatory framework within which the Company operates allows for full

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

collection of fuel and gas costs in rates. Consequently, there is limited commodity price risk after consideration of the related rate-making.

NOTE 6: 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**
Current Income Tax Provision			
Federal	$ —	$ —	$ —
State	—	—	—
Total Current Income Taxes	—	—	—
Deferred Income Provision			
Federal	**3,925**	4,314	4,289
State	**1,704**	1,875	1,744
Total Deferred Income Taxes	**5,629**	6,189	6,033
Total Income Tax Expense	**$ 5,629**	$ 6,189	$ 6,033

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**
Statutory Federal Income Tax Rate	**21%**	**21%**	**21%**
Income Tax Effects of:			
State Income Taxes, net	**7**	**6**	**6**
Utility Plant Differences	—	—	—
Other , net	—	**1**	—
Effective Income Tax Rate	**28%**	**28%**	**27%**

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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

Temporary Differences (000's)	**2020**	**2019**
Deferred Tax Assets		
Retirement Benefit Obligations	**$ 10,317**	$ 8,383
Net Operating Loss Carryforwards	**12,768**	14,985
Other, net	**183**	—
Total Deferred Tax Assets	**$ 23,268**	$ 23,368
Deferred Tax Liabilities		
Utility Plant Differences	**$ 64,195**	$ 59,785
Regulatory Assets & Liabilities	**753**	(556)
Other, net	**693**	685
Total Deferred Tax Liabilities	**65,641**	59,914
Net Deferred Tax Liabilities	**$ 42,373**	$ 36,546

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 these 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 $0.2M 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 these items do not have a material impact on the Company's financial statements as of December 31, 2020.

In December 2017, the 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 GAAP Accounting Standard 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. As of December 31, 2019 and December 31, 2020 the Company had recorded a net Regulatory Liability in the amount of $15.4 million and $15.3 million, respectively, as a result of the ADIT revaluation.

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 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

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

temporary timing differences. The Company estimates the ARAM flow back period to be approximately fifteen years, for protected and unprotected excess ADIT. The Company estimates the ARAM flow back period to be approximately fifteen years, for protected and unprotected excess ADIT. As of December 31, 2020, the Company flowed back $0.1 million to customers in its Maine jurisdictions. New Hampshire liabilities will begin to flow back once rate proceedings have finalized in that jurisdiction.

The Company evaluated its tax positions at December 31, 2020 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any tax liabilities or assets as defined by the FASB Codification is required. The Company remains subject to examination by Federal, Maine, 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 New Hampshire Department of Revenue Administration and the Maine Revenue Service.

NOTE 7: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the following retirement benefit plans to provide certain pension and postretirement 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. The Pension Plan was closed to new non-union employees effective January 1, 2010. The Pension Plan was closed to United Steelworkers of America Local 12012-6 employees hired subsequent to December 31, 2010 and to Utility Workers Union of America Local 341 employees hired subsequent to April 1, 2012.

- 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 (VEBT), 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.

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

Used to Determine Plan costs for years ended December 31:	**2020**	2019	2018
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

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

Used to Determine Benefit Obligations at December 31:	**2020**	2019	2018
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. The Rate of Compensation Increase assumption used in each of 2020, 2019 and 2018 was 3.00%, 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):

	Pension Plan			**PBOP Plan**			**SERP**		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018
Service Cost	**$ 1,317**	$ 1,219	$ 1,302	**$ 1,129**	$ 992	$ 1,228	**$ 120**	$ 103	$ 200
Interest Cost	**1,672**	1,786	1,601	**1,024**	1,111	1,095	**232**	235	166
Expected Return on Plan Assets	**(2,612)**	(2,338)	(2,124)	**(1,072)**	(850)	(840)	**---**	---	---
Prior Service Cost Amortization	**306**	306	306	**194**	196	278	**24**	23	78
Actuarial Loss Amortization	**1,610**	959	1,209	**191**	69	437	**438**	261	199
Sub-total	**2,293**	1,932	2,294	**1,466**	1,518	2,198	**814**	622	643
Amounts Capitalized and Deferred	**(919)**	(773)	(899)	**(620)**	(636)	(925)	**(264)**	(200)	(207)
NPBC Recognized	**$ 1,374**	$ 1,159	$ 1,395	**$ 846**	$ 882	$ 1,273	**$ 550**	$ 422	$ 436

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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

	Pension Plan		PBOP Plan		SERP	
	2020	2019	**2020**	2019	**2020**	2019
Change in Plan Assets:						
Plan Assets at Beginning of Year	**$ 26,871**	$ 20,444	**$ 11,293**	$ 8,353	**$ ---**	$ ---
Actual Return on Plan Assets	**4,632**	5,858	**1,943**	1,934	**---**	---
Employer Contributions	**1,712**	2,561	**1,227**	1,269	**276**	253
Participant Contributions	**---**	---	**90**	51	**---**	---
Benefits Paid	**(1,764)**	(1,992)	**(584)**	(314)	**(276)**	(253)
Plan Assets at End of Year	**$ 31,451**	$ 26,871	**$ 13,969**	$ 11,293	**$ ---**	$ ---
Change in PBO:						
PBO at Beginning of Year	**$ 38,918**	$ 29,620	**$ 25,628**	$ 20,808	**$ 4,772**	$ 3,175
Service Cost	**1,317**	1,219	**1,129**	992	**120**	103
Interest Cost	**1,672**	1,786	**1,024**	1,111	**232**	235
Plan Amendments	**732**	---	**---**	---	**---**	94
Participant Contributions	**---**	---	**90**	51	**---**	---
Benefits Paid	**(1,764)**	(1,992)	**(584)**	(314)	**(276)**	(253)
Actuarial (Gain) or Loss	**6,297**	8,285	**3,318**	2,980	**1,098**	1,418
PBO at End of Year	**$ 47,172**	$ 38,918	**$ 30,605**	$ 25,628	**$ 5,946**	$ 4,772
Funded Status: Assets vs PBO	**$ (15,721)**	$ (12,047)	**$ (16,636)**	$ (14,335)	**$ (5,946)**	$ (4,772)

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 Balance Sheets as a liability the underfunded status of its retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets, net of tax, of $21.4 million and $16.6 million at December 31, 2020 and 2019, respectively, to recognize the future collection of these plan obligations in 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 compensation increases. The ABO for the Pension Plan was $43.7 million and $35.9 million as of December 31, 2020 and 2019, respectively. The ABO for the SERP was $4.9 million and $3.7 million as of December 31, 2020 and 2019, respectively. For the PBOP Plan, the ABO and PBO are the same.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

The Company 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 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	**$ 1,712**	$ 2,561	$ 5,670	**$ 1,227**	$ 1,269	$ 1,353	**$ 276**	$ 253	$ 165
Participant Contributions	**$ ---**	$ ---	$ ---	**$ 90**	$ 51	$ 64	**$ ---**	$ ---	$ ---
Benefit Payments	**$ 1,764**	$ 1,992	$ 1,339	**$ 584**	$ 314	$ 389	**$ 276**	$ 253	$ 165

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

Estimated Future Benefit Payments			
	Pension	**PBOP**	**SERP**
2021	$ 2,164	$ 708	$ 269
2022	1,912	769	269
2023	2,444	791	268
2024	2,867	872	268
2025	2,625	999	500
2026 - 2030	$ 17,095	$ 6,746	$ 2,645

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**	**Actual Allocation at December 31,**		
	2021	**2020**	**2019**	**2018**
Equity Funds	56%	**58%**	54%	49%
Debt Funds	39%	**37%**	36%	40%
Real Estate Fund	5%	**4%**	9%	10%
Other[(1)]	---	**1%**	1%	1%
Total		**100%**	100%	100%

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

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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

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. See Note 1 (Summary of Significant Accounting Policies) for a discussion of the Company's fair value accounting policy.

Equity and Fixed Income 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 (NAV) 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 following tables 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.

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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):

		Fair Value Measurements at Reporting Date Using		
Description	**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)**
2020				
Pension Plan Assets:				
Equity Funds	$ 18,253	$ 18,253	$ ---	$ ---
Fixed Income Funds	11,573	11,573	---	---
Total Mutual Funds	29,826	29,826	---	---
Cash Equivalents	292	292	---	---
Total Assets in the Fair Value Hierarchy	$ 30,118	$ 30,118	$ ---	$ ---
Real Estate Fund – Measured at Net Asset Value	1,333			
Total Assets	$ 31,451			
2019				
Pension Plan Assets:				
Equity Funds	$ 14,711	$ 14,711	$ ---	$ ---
Fixed Income Funds	9,611	9,611	---	---
Total Mutual Funds	24,322	24,322	---	---
Cash Equivalents	160	160	---	---
Total Assets in the Fair Value Hierarchy	$ 24,482	$ 24,482	$ ---	$ ---
Real Estate Fund – Measured at Net Asset Value	2,389			
Total Assets	$ 26,871			

NORTHERN UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

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):

		Fair Value Measurements at Reporting Date Using		
Description	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)
2020				
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$ 6,258	$ 6,258	$ ---	$ ---
Equity Funds	7,711	7,711	---	---
Total Assets	$ 13,969	$ 13,969	$ ---	$ ---
2019				
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$ 4,921	$ 4,921	$ ---	$ ---
Equity Funds	6,372	6,372	---	---
Total Assets	$ 11,293	$ 11,293	$ ---	$ ---

Employee 401(k) Tax Deferred Savings Plan - The Company co-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 share of contributions to the 401(k) Plan was $1,259,300, $1,188,000 and $1,082,000 for the years ended December 31, 2020, 2019 and 2018, respectively.

Docket No. DG 20-___
Exhibit NU-7
Page 1 of 1

NORTHERN UTILITIES, INC.
WEIGHTED AVERAGE COST OF DEBT
Proformed for the Issuance and Sale of $40,000,000 Senior Unsecured Notes

(1) Description of Debt	(2) Interest Rate	(3) Maturity Date	(4) Term	(5) Date Issued	(6) Face Value	(7) Outstanding Amount	(8) Issuance Costs	(9) Net Proceeds Ratio [(6)-(8)/(6)]	(10) Unamortized Issuance Costs (2)	(11) Net Proceeds Outstanding (7)-(10)	(12) Annual Issuance Cost	(13) Annual Interest Cost (2)*(7)	(14) Total Annual Cost (12)+(13)	(15) Cost Rate Based on Net Proceeds (14)/[(7)-(10)]
Existing Debt														
Long Term Debt														
Sr. Notes	7.72%	12/3/2038	30 Yrs	12/3/2008	50,000,000	50,000,000	435,899	99.13%	260,401	49,739,599	14,534	3,860,000	3,874,534	7.79%
Sr. Notes	4.42%	10/15/2044	30 Yrs	10/15/2014	50,000,000	50,000,000	482,981	99.03%	383,031	49,616,969	16,099	2,210,000	2,226,099	4.49%
Sr. Notes	3.52%	11/1/2027	10 Yrs	11/1/2017	20,000,000	20,000,000	148,352	99.26%	101,374	19,898,626	14,835	704,000	718,835	3.61%
Sr. Notes	4.32%	11/1/2047	30 Yrs	11/1/2017	30,000,000	30,000,000	222,528	99.26%	199,039	29,800,961	7,418	1,296,000	1,303,418	4.37%
Sr. Notes	4.04%	9/12/2019	30 Yrs	9/12/2049	40,000,000	40,000,000	208,040	99.48%	225,229	39,774,771	7,857	1,616,000	1,623,857	4.08%
Total Long Term Debt					$ 190,000,000	$ 190,000,000	$ 1,497,800		$ 1,169,073	$ 188,830,927	$ 60,743	$ 9,686,000	$ 9,746,743	5.16%
Pro Forma Debt														
Long Term Debt														
Sr. Notes	7.72%	12/3/2038	30 Yrs	12/3/2008	50,000,000	50,000,000	435,899	99.13%	260,401	49,739,599	14,534	3,860,000	3,874,534	7.79%
Sr. Notes	4.42%	10/15/2044	30 Yrs.	10/15/2014	50,000,000	50,000,000	482,981	99.03%	383,031	49,616,969	16,099	2,210,000	2,226,099	4.49%
Sr. Notes	3.52%	11/1/2027	10 Yrs	11/1/2017	20,000,000	20,000,000	148,352	99.26%	101,374	19,898,626	14,835	704,000	718,835	3.61%
Sr. Notes	4.32%	11/1/2047	30 Yrs	11/1/2017	30,000,000	30,000,000	222,528	99.26%	199,039	29,800,961	7,418	1,296,000	1,303,418	4.37%
Sr. Notes	4.04%	11/2/2047	30 Yrs	11/2/2017	40,000,000	40,000,000	208,040	99.48%	225,229	39,774,771	7,857	1,616,000	1,623,857	4.08%
New Sr. Notes	3.78%	9/14/2040	20 Yrs	9/15/2020	40,000,000	40,000,000	194,004	99.51%	190,778	39,809,222	9,700	1,512,000	1,521,700	3.82%
Total Long Term Debt					$ 230,000,000	$ 230,000,000	$ 1,691,804		$ 1,359,851	$ 228,640,149	$ 70,443	$ 11,198,000	$ 11,268,443	4.93%

Weighted Average Cost of Capital

	Actual (12/31/20) Amount	Percent of Total	Cost Rate	Weighted Cost Rate	Adjustment Amount
Common Equity	$ 231,528,104	47%	9.50%	4.50%	$ -
Long Term Debt	230,000,000	47%	4.93%	2.32%	
Short Term Debt[3]	26,747,022	5%	1.27%	0.07%	
Total	$ 488,275,126			6.90%	$ -

(1) Actual issuance of $40 million 20-year notes at 3.78%
(2) Unamortized Issuance Costs as of 12/31/2020
(3)Short Term Debt Cost Rate is based on December 31, 2020 interest rate