SERVICE AGREEMENT

BETWEEN

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

AND

UNITIL SERVICE CORP.

SERVICE AGREEMENT

BETWEEN

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

and

UNITIL SERVICE CORP.

THIS AGREEMENT, made and entered into as of January 23, 1985 by and between Fitchburg Gas and Electric Light Company, a corporation organized under the laws of The Commonwealth of Massachusetts (the "Client Company"), and UNITIL Service Corp., a corporation organized under the laws of The State of New Hampshire (the "Service Company"),

W I T N E S S E T H:

WHEREAS, Service Company is organized, staffed and equipped to render to Client Company services as herein provided; and

WHEREAS, economies and increased efficiencies will result from the performance by Service Company of services for Client Company and the provision of certain property and resources to Client Company as herein provided;

WHEREAS, subject to the terms and conditions herein described, Service Company is willing, upon request

by Client Company, to render such services and provide such property and resources to Client Company;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein, the parties hereto hereby agree as follows:

1. Definitions

As used hereinafter, the following terms, in addition to those elsewhere defined in this Agreement, shall have the following meanings unless the context otherwise requires:

A. "Services" shall mean those services described in Articles 3, 4 and 5 hereof.

B. "Non-Affiliate" means any corporation, company, agency, government, business, entity or person other than UNITIL Corporation ("UNITIL"), a direct or indirect subsidiary of UNITIL, or a person employed by UNITIL or any of such subsidiaries.

C. "Intellectual Property" means any process, program or technique which is protected by the copyright, patent or trademark laws, or as a trade secret, and which has been specifically and knowingly incorporated into, exhibited in, or reduced to a tangible writing, drawing, manual, computer program, product or similar manifestation or thing.

2. Agreement to Furnish Service

A. Upon its receipt of Client Company's work order or other request therefor, Service Company will, if it has or can have available the personnel and resources needed to fill the work order on request, furnish to Client Company upon the terms and conditions hereinafter set forth such of the Services, at such times, for such periods and in such manner as Client Company may from time to time request; provided, however, that the determination of whether Service Company has the available personnel and resources to perform in accordance with the work order or request will be entirely within the discretion of Service Company, and Service Company may at its option elect not to perform any requested Service, except that, once having agreed to perform pursuant to a work order or request, Service Company cannot withdraw or depart from such performance without the consent of Client Company, which consent will not be unreasonably withheld.

B. The provision of Services by Service Company pursuant to this Agreement shall in all cases and notwithstanding anything herein contained to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies, if any,

having jurisdiction over Service Company, Client Company or such provision of Services.

3. Description of Services

The Services which may be provided by Service Company hereunder are described as follows:

A. Accounting and Financial. Advise and assist Client Company in connection with the installation of accounting systems and similar projects, requirements of regulatory bodies with respect to accounting, studies of accounting procedures and practices to improve efficiency, book entries resulting from unusual financial transactions, internal audits, preparation and analyses of financial and operating reports and other statistical matters relating to customers of Client Company, preparation of annual and interim reports to shareholders, regulatory commissions, rating agencies, prospective investors and others, standardization of accounting and statistical forms in the interest of economy, cash management, banking relationships, planning and negotiation of securities sales with prospective investors and investment bankers and other accounting and financial matters.

B. Rates. Advise Client Company on matters relating to rates and valuation, the design of new and improved rate schedules, and their effect upon revenues, the

cost of competitive services, earnings trends, the desirability of rate changes, rate audits, service rules and regulations, commodity and tax clauses, minimum charges, metering problems, special industrial contracts, resale rates and rural extension plans; and assist in the preparation of petitions and applications required in connection with rate changes.

C. Budgeting. Advise and assist Client Company in matters involving the preparation and development of construction and operating budgets, cash and cost forecasts, and budgetary controls.

D. Systems and Procedures. Advise and assist Client Company in the formation of good operating practices and methods of procedure, the standardization of forms, the purchase, rental and use of mechanical and electronic data processing, computing and communications equipment, in conducting economic research and planning and in the development of special economic studies.

E. Access to and Use of Facilities. Make available to Client Company and/or its customers access to, use of, or rights in all facilities, products, processes, techniques, computer hardware and software, technical information, training aids and properties, Intellectual Property, vehicles, equipment, machines and other property,

whether owned, leased, licensed or otherwise by Service Company.

F. Training. Assist Client Company in providing training to personnel of Client Company; develop and make available training procedures, materials and facilities, and provide instructors.

G. General. Make available services in the areas of construction planning and supervision, design, management programs, quality assurance, licensing matters, research and development, employee benefits, purchasing, insurance, statistical analysis, power supply planning and communications systems and procedures.

H. Other Services. Render advice and assistance in connection with such other matters as Client Company may request and Service Company may be able to perform with respect to Client Company's business and operations.

4. Provision of Personnel

Where specifically requested by Client Company and with the consent of Service Company, which consent will not be unreasonably withheld, Service Company will lend its employees to Client Company. In that event, such loaned employees will be under the sole supervision and control of Client Company for such period or periods of time as are necessary to complete the work to be performed by such employees. Such employees may be withdrawn by Service Company from tasks assigned by Client Company only with the consent of Client Company, which consent will not be unreasonably withheld. Client Company will be responsible for the actions and activities of such employees while engaged in the performance of the work to the same degree as though such persons were employees of Client Company. However, as part of Services, Service Company during periods when such employees are loaned to Client Company will continue to provide to, and with respect to, such employees those same payroll, pension, savings, tax withholding, unemployment, bookkeeping, benefits and insurance and other personnel support services then being utilized by Service Company in connection with compensating and benefiting such employees.

5. Exchange of Intellectual Property.

A. Should Client Company in the course of its business develop Intellectual Property, it will make such Intellectual Property available for utilization by Service Company without charge (except the actual expenses incurred by Client Company in connection with making such new Intellectual Property so available); provided, however, that such availability shall be dependent upon and subject to any contractual commitments of Client Company to Non-Affiliates, applicable laws and regulations, and the legal rights and entitlements of others.

B. As part of the Services, Service Company will make available to Client Company for use or for re-sale or licensing to Non-Affiliates all Intellectual Property heretofore or hereafter developed or obtained by Service Company without charge (except for the actual expenses incurred in making the same available, and except as otherwise provided in Article 8 below); provided, however, that such availability shall be dependent and subject to any contractual commitments of Service Company to Non-Affiliates, applicable laws and regulations, and the legal rights and entitlements of others.

6. Compensation of Service Company

As compensation for services actually requested by Client Company and rendered to it by Service Company, Client Company hereby agrees to reimburse Service Company for all Costs properly chargeable or allocable thereto, as controlled through a work order procedure and in accordance with the standards of the Public Utility Holding Company Act of 1935 and the rules and regulations thereunder. Such Costs shall be determined in accordance with subparagraphs 6A, 6B and 6C below and as outlined on Exhibit A attached hereto and incorporated herein by reference:

A. Direct Cost. Direct Cost consists of Direct Labor Costs, Direct Labor Benefits, Material, Vehicle and Equipment Usage, and Meals, Lodging, Transportation and Miscellaneous Expenses. Direct Labor Costs shall be based on the wage rates of assigned employees and the actual number of hours devoted to providing the Service. Direct Labor Benefits include the costs of paid, excused absences, such as vacations, sick pay and holidays, and shall be based on a recovery factor applied to the Direct Labor Costs. Material which is withdrawn from Service Company inventory shall be billed by Service Company on the same basis as Client Company uses to charge such costs to its utility

customers, plus a stores handling expense. Material purchased directly from vendors for use on a particular project shall be billed at invoice cost. Vehicle and Equipment Usage shall be billed at the appropriate cost thereof by vehicle class, which costs shall provide for the allocation of all direct and indirect costs associated with Service Company's fleet operation. Meals, Lodging, Transportation and Miscellaneous Expenses shall be billed at actual cost.

B. Indirect Cost. Indirect Cost consists of Indirect Labor Cost and Administrative and General Expenses. Indirect Labor Costs include pension costs, insurance, payroll taxes, employee savings plan, and similar payroll items. Administrative and General Expenses shall be based on Service Company's administrative and general expenses and total applicable costs. Each type of Indirect Costs shall be applied to Direct Labor Costs and Direct Labor Benefits to the extent reasonably allocable thereto. There shall be no duplication of Direct Costs and Indirect Costs.

C. Cost of Funds Advanced. For the recovery of the cost of funds advanced for Services provided, Client Company will be charged a cost of funds based on the actual time period from billing date of such costs

to date of receipt of payment from Client Company. The costs of funds shall be the annual rate associated with the costs to the Service Company of its most recent short-term borrowings. The costs of funds factor shall be applied to each monthly billing to Client Company after receipt of payment by Service Company; provided, however, that the last monthly billing to Client Company for a project shall include a cost of funds amount based on an assumed thirty (30) day time period.

7. Work Orders

The Services will be performed in accordance with work orders or requests issued or made by or on behalf of Client Company and accepted by Service Company, and all Services will be assigned an applicable work order number to enable specific work to be properly allocated by project or other appropriate basis. Work orders shall be as specific as practicable in defining the Services requested to be performed. Client Company shall have the right from time to time to amend, alter or rescind any work order, provided that (i) any such amendment or alteration which results in a material change in the scope of the work to be performed or equipment to be provided is agreed to by Service Company; (ii) the costs for the Services covered by the work order will include any expense incurred by Service Company as a

direct result of such amendment, alteration or rescission of the work order, and (iii) no amendment, alteration or rescission of a work order will release Client Company from liability for all costs already incurred or contracted for by Service Company pursuant to the work order, regardless of whether the work associated with such costs is discontinued by such amendment, alteration or rescission.

8. Disposition of Intellectual Property

In the event Client Company sells or licenses to Non-Affiliates Intellectual Property heretofore or hereafter developed by Service Company for its own use, and as a result of such sale or license such Intellectual Property is no longer available for use by Service Company, Client Company shall receive, as and when received from such Non-Affiliates, thirty percent (30%) of all net profits (after deducting marketing and any other applicable costs) earned from such sale or licensing, and Service Company shall receive seventy percent (70%) of such net profits.

9. Limitation of Liability and Indemnification

A. In performing the Services hereunder, Service Company will exercise due care to assure that the Services are performed in a workmanlike manner, meet the standards and specifications set forth in the applicable work order or request with respect to such Services, and comply with

applicable standards of law and regulation. However, failure to meet these obligations shall in no event subject Service Company to any claims or liabilities other than to reperform the work such that it fully complies with the work order, request or standard, as the case may be. Service Company makes no other warranty with respect to its performance of the Services, and Client Company agrees to accept such Services without further warranty of any nature. Client Company agrees to defend, indemnify and hold Service Company and its officers and employees harmless against all claims, actions, damages or liabilities not resulting from Service Company's willful misconduct, which may be asserted, imposed or incurred in connection with the performance of its responsibilities hereunder, including any litigation arising from the foregoing.

B. Service Company shall within five business days after it receives notice of any claims, actions, damages or liability against which it will expect to be indemnified pursuant to Article 9A, notify Client Company of such claims, actions, damages or liabilities. Thereafter, Client Company may at its own expense, upon notice to Service Company, defend or participate in the defense of such action or claim or any negotiation for settlement of such action or claim, provided that unless Client Company proceeds promptly and in good faith to pay or defend such action or claim, then Service Company shall have the right (but not the obligation), in good faith, upon ten days' notice to Client Company, to pay, settle, compromise or proceed to defend any such action or claim without the further participation by Client Company. Client Company will immediately pay (or reimburse Service Company, as the case may be) any payments, settlements, compromises, judgments, costs or expenses made or incurred by Service Company in or resulting from the pursuit by Service Company of such right. If any judgment is rendered against Service Company in any such action defended by Client Company or from which Service Company is otherwise entitled to indemnification

under Article 9A, or any lien attaches to the assets of Service Company in connection therewith, Client Company immediately upon such entry or attachment shall pay the judgment in full or discharge any such lien unless, at its expense and direction, appeal shall be taken under which the execution of the judgment or satisfaction of the lien is stayed. If and when a final and unappealable judgment is rendered against Service Company in any such action, Client Company shall forthwith pay such judgment or discharge such lien prior to the time that Service Company would be legally held to do so.

C. Client Company shall maintain at all times adequate levels of insurance to discharge financially its obligations under this Article 9.

10. Term and Termination

This Agreement shall be in full force and effect from and after the date it is executed by the parties hereto, except as otherwise provided in this Agreement. Upon becoming effective as aforesaid, this Agreement shall continue in full force and effect, except as otherwise provided in this Agreement, to and including December 31, 1995, and thereafter from year to year unless notice in writing shall be given by either party hereto to the other

of its termination 365 days prior to the end of the current term.

11. Miscellaneous

This Agreement shall be binding upon the successors and assigns of the parties hereto, provided that Service Company shall not be entitled to assign or subcontract out any of its obligations under this Agreement or under any purchase order or work order issued hereunder without the prior written approval of Client Company. This Agreement may not be modified or amended in any respect except in writing executed by the parties hereto. This Agreement shall be construed and enforced under and in accordance with the laws of The State of New Hampshire. This Agreement may be executed in counterparts, each one of which when fully executed shall be deemed to have the same dignity, force and effect as if the original. No provision of this Agreement shall be deemed waived nor breach of this Agreement consented to unless such waiver or consent is set forth in writing and executed by the party hereto making such waiver or consent.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed in its corporate name by its President or one of its Vice Presidents and corporate seal to be hereunto affixed and attested by its Secretary, Clerk or Secretary of the Board of Directors as of the day and year first above written.

Attest:

Charles J. Keschaw, Jr.
Secretary

UNITIL Service Corp.

By: Peter J. Eldridge
President

Attest:

Angela P. Carlson
~~Secretary~~ Clerk

Fitchburg Gas and Electric Light Company

By: Frank L. Childs
President

EXHIBIT "A"

SAMPLE ACCOUNTING AND BILLING PROCEDURE TO BE EMPLOYED BY UNITIL SERVICE CORP. IN BILLING COSTS OF WORK PERFORMED FOR OPERATING COMPANIES

I. INTRODUCTION

The purpose of this procedure is to establish guidelines which provide uniform and consistent methods of billing for services rendered to Client Company by UNITIL Service Corp. ("Service Company"). These billings include direct costs related to services provided and indirect costs that are normally incurred by Service Company in its operations. Revenues and costs related to these billings will be recorded in the accounting records of Service Company in accordance with Generally Accepted Accounting Principles and Securities and Exchange Commission ("SEC") guidelines.

II. METHOD OF BILLING

Each separate service provided by Service Company to Client Company is accounted for and billed on a job order account. Charges to each project are made to the designated job order through the appropriate source document or source system. Charges for these projects are billed on a monthly basis.

III. CALCULATION OF BILLS

The costs of services provided to Client Company are calculated and billed, based on individual projects or jobs, in accordance with the guidelines set forth in this section.

A. Labor

Labor costs billed for services provided to Client Company include salaries and related indirect labor costs for employees on both fixed and variable salary distributions.

1. Direct Labor Costs

Direct labor costs are based on the wage rates of assigned employees and the actual number of hours that are charged to the Job Order Account on the Payroll Time Report.

2. Indirect Labor Costs

a. Directly Loaded Costs

Certain indirect labor costs are developed mechanically on a monthly basis relative to each direct labor cost. These indirect payroll loadings include:

(1) Pension Costs
(2) Insurance
(3) Federal and State Payroll Taxes
(4) Employee Savings Plan
(5) Non-productive Time
  (a) Vacation and holidays
  (b) Inclement weather
  (c) Sick leave and occupational injury
  (d) Payroll clearing, other (jury duty, civic activities, etc.)

b. Indirectly Loaded Costs

Certain indirect labor costs are developed manually on an annual basis relative to each indirect labor cost. These Indirect Payroll loadings include:

(1) Employee Stock Ownership Plan
(2) Miscellaneous (Service awards, educational assistance program, etc.)

B. Material

Material withdrawn from Service Company's inventory is billed at the average commodity price plus a stores handling expense. Material purchased directly from vendors for use on a particular project is billed at invoice cost.

C. Vehicle and Equipment Usage

Usage of fleet vehicles and equipment is recorded on the monthly Vehicle and Equipment Usage Report. Vehicle and equipment usage is billed at the cost provided by the Transportation Source System. This cost is based on an absorption rate calculated monthly by vehicle class. The absorption rate provides for the allocation of all direct and indirect costs associated with fleet operations.

D. Meals, Lodging, Transportation and Miscellaneous Expenses

Meals, lodging, transportation and miscellaneous expenses are billed at actual cost. Vehicles and equipment not included in Client Company's fleet will be billed at actual cost under this expense category.

E. Administrative Expenses

Administrative expenses are defined as those expenses for project support services which cannot be identified with or directly charged to a specific project. These expenses are allocable to the total cost of each project based upon an allocation factor developed in the following manner:

1. Administrative and General Expenses

An annual allocation factor for administrative and general expenses calculated by dividing total applicable annual administrative and general expenses excluding direct labor costs by total direct labor costs. Applicable administrative and general expenses for purposes of this

procedure are generally identified as follows:

SEC ACCOUNT	Title
920	Salaries and Wages
921	Office Supplies and Expenses
923	Outside Services Employed
924	Property Insurance
925	Injuries and Damages
926	Employee Pensions and Benefits
928	Regulatory Commission Expense
930.1	General Advertising Expenses
930.2	Miscellaneous General Expenses
931	Rents
932	Maintenance of Structures and Equipment

2. Cost of Funds Advanced

A factor for the recovery of the cost of funds advanced for services provided is calculated as a proration of the annual rate associated with the higher of the cost to Service Company of its most recent short-term borrowings. The Client Company will be charged an appropriate cost of funds based on the actual time period from date of incurrence of such cost to date of receipt of payment from Client Company.

$$\frac{\text{Annual Rate}}{360 \text{ Days}} \times \text{No. of days} = \text{factor}$$

FIRST AMENDMENT TO SERVICE AGREEMENT

This First Amendment effective as of January 1, 1987, to the Service Agreement dated as of January 23, 1985 (the "Service Agreement"), by and between Fitchburg Gas and Electric Light Company, a Massachusetts corporation (the "Client Company") and UNITIL Service Corp., a New Hampshire corporation (the "Service Company").

W I T N E S S E T H :

WHEREAS, pursuant to the Service Agreement Service Company has agreed to furnish and Client Company has agreed to pay for certain services, on the terms and conditions set forth therein; and

WHEREAS, the parties recognize that the Service Company will incur substantial ongoing expenses and overhead in providing services to the Client Company and that such services are intended to be provided to the Client Company at cost; and

WHEREAS, Service Company and Client Company agree that Service Company, in order to incur the substantial expenses and overhead required to perform such requested services will need a revenue billing floor, and

WHEREAS, in order to provide for more orderly and efficient operation under the Service Agreement, the parties thereto have determined that it is in their mutual best interests to amend the Service Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party to the other, the parties hereto hereby agree as follows:

1. Article 3 of the Service Agreement is hereby amended by amending and restating Paragraphs A, B, C, G and H thereof in their entirety to read as follows:

> A. Accounting and Financial. Preparation and maintenance of all accounting records and financial statements, installation of all appropriate accounting systems required for maintaining accounting records and financial statements, examination and study of requirements of regulatory bodies with respect to accounting matters and consultation with Client Company management regarding same, performance of studies of accounting procedures and practices to improve efficiency, booking of all entries of a routine or non-routine nature to enable preparation of financial statements, preparation of all tax returns, performance of internal audits, preparation and analyses of financial and operating reports and other statistical matters relating to customers of Client Company, assistance in the preparation of annual and interim reports to shareholders, regulatory commissions, rating agencies, prospective investors and others, standardization of accounting and statistical forms in the interest of economy, cash management, banking relationships, planning and negotiation of securities sales with prospective investors and investment bankers, negotiation of leases and other accounting and financial matters.
>
> B. Rates. Advise and act on behalf of Client Company on matters relating to rates and rate regulation including load research, cost allocation, rate design and analysis, bill

comparison and analysis, tariff development and interpretation, administration of periodic rate adjustment clauses, regulatory research and analysis, regulatory relations, customer contract development and customer relations. Prepare or assist in the preparation of regulatory filings, including petitions, testimony and exhibits, discovery materials, arguments, etc., required in connection with rate changes or other regulatory activities of Client Company.

C. Budgeting. Develop, prepare and maintain long-range and annual forecasts and advise and assist Client Company in matters involving the preparation and development of construction and operating budgets and operating controls.

* * *

G. General. Make available services in the areas of safety consultation and accident/claim investigations, employee benefits, purchasing, insurance, statistical analysis, power supply planning and acquisition and conservation and load management.

H. Other Services. Render advice and assistance with such other matters as Client Company may request, all such requests to be on the Request Form a copy of which is attached hereto as Exhibit B, and as Service Company may be able to perform as evidenced by its written acceptance of a Request Form submitted to it by Client Company.

2. Article 6 of the Service Agreement is hereby amended by designating the existing provisions as Paragraph A, including a redesignation of the subsections contained therein from A, B, & C to 1), 2), & 3), respectively, and by adding new Paragraphs B and C which shall read as follows:

B. Beginning with calendar year 1987 and each year thereafter that this Agreement, as amended, remains in force, additional payments

shall be assessed against Client Company by Service Company in conformity with the following definitions and computations:

AP - Additional annual payments.

RC - Reimbursable Costs paid to Service company during any specific calendar year.

AC - Sum of reimbursable costs for each of the previous eight full calendar years (or such fewer calendar years beginning with 1986 as this amendment to the Agreement shall have been in effect prior to the calendar year in question), inclusive of any amounts paid with respect to any years under this Paragraph B of this Article.

P - Number of years utilized in AC.

$$AP = \frac{.80AC}{P} - RC$$

AP must be positive for assessments to be made under this Article. If required for purposes of this calculation, reimbursable Costs for 1986, have been determined to be $520,000. No additional payments shall be required if reimbursable costs paid to Service Company by Client Company for any such year fail to equal or exceed 80% of the Average Annual Amount due to the inability or failure of Service Company to render the services requested of it by Client Company hereunder.

C. In the event that Service Company fails to deliver the agreed upon services and reimbursable Costs are subsequently reduced, than beginning with calendar year 1987 and each year thereafter that this agreement, as amended, remains in force, assessments may be made by Client Company against Service Company to be calculated in the like manner, described above, with the exception that AP will be changed to A and defined as "Assessments".

All Assessments made under Paragraphs B and C of this Article shall be due and payable 45 days after the close of the calendar year.

3. Article 10 of the Service Agreement is hereby amended and restated in its entirety to read as follows:

> 10. Term and Termination
>
> This Agreement shall be in full force and effect from and after the date it is executed by the parties hereto, except as otherwise provided in this Agreement. Upon becoming effective as aforesaid, this Agreement shall continue in full force and effect, except as otherwise provided in this Agreement, unless notice in writing shall be given by either party hereto to the other of its termination, in which event this Agreement shall terminate on a date which is eight years after the giving of such notice.

4. All of the remaining provisions of the Service Agreement shall continue in full force and effect in accordance with the terms thereof.

5. The parties agree that this Service Agreement and all amendments thereto shall be governed by the laws of the State of New Hampshire.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed as of March 25, 1987.

Attest:

Thomas J. Corry Jr.
Assistant Clerk

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By: Frank J. Childs
President

Attest:

Charles J. Kershaw, Jr.
Secretary

UNITIL Service Corp.

By: Peter J. Stuhlgis
President

EXHIBIT B

REQUEST FORM

The undersigned Fitchburg Gas and Electric Light Company hereby requests that UNITIL Service Corp. render the following services to it pursuant to the Service Agreement between it and UNITIL Service Corp. dated January 3, 1985, as amended by a First Amendment thereto dated _____, 1986 (the "Service Agreement"):

FITCHBURG GAS AND ELECTRIC
LIGHT COMPANY

By:_____

The undersigned UNITIL Service Corp. hereby agrees to perform the above-requested services on the terms and conditions set forth in the Service Agreement.

UNITIL SERVICE CORP.

By:_____

SECOND AMENDMENT TO SERVICE AGREEMENT

This Second Amendment effective as of January 22, 1989, to the Service Agreement dated as of January 23, 1985 (the "Service Agreement"), by and between Fitchburg Gas and Electric Light Company, a Massachusetts corporation (the "Client Company") and UNITIL Service Corp., a New Hampshire corporation (the "Service Company").

W I T N E S S E T H :

WHEREAS, pursuant to the Service Agreement Service Company has agreed to furnish and Client Company has agreed to pay for certain services, on the terms and conditions set forth therein; and

WHEREAS, pursuant to the First Amendment to Service Agreement dated as of Janaury 1, 1987 (the "First Amendment"), Service Company and Client Company determined to make certain changes to the Service Agreement in recognition of the fact that Service Company will incur substantial ongoing expenses and overhead in providing services to the Client Company and that such services are intended to be provided to the Client Company at cost; and

WHEREAS, Service Company and Client Company wish to further amend the Service Agreement to provide for an acceleration of certain payments due under the Service

Agreement as provided for in the First Amendment, in the event of a "Change in Control" (as hereafter defined) of Client Company or Service Company, in recognition of the fact that the Service Agreement evolved from a unique historic relationship between Client Company and Service Company, and neither Client Company nor Service Company wishes to be bound by the Service Agreement in the event of the change in such relationship which would result from a Change in Control of the other party.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party to the other, the parties hereto hereby agree as follows:

1. Article 6 of the Service Agreement is hereby amended by adding new Paragraph D, which shall read as follows:

D. Termination Upon Change in Control

1) For purposes hereof, the term "Change in Control" with respect to Client Company or Service Company shall mean the occurrence of any of the following with respect to Client Company or, in the case of Service Company, with respect to UNITIL Corporation ("UNITIL"), the owner of all of the outstanding capital stock of Service Company, as the case may be:

(a) Client Company or UNITIL receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Exchange Act"), disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of

twenty-five percent or more of the outstanding common stock of Client Company or UNITIL, as the case may be;

(b) any person (as such term is defined in Section 13(d) of the Exchange Act), group, corporation or other entity other than, in the case of Client Company, Client Company or a wholly-owned subsidiary of Client Company, and other than, in the case of UNITIL, UNITIL or a wholly-owned subsidiary of UNITIL, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of Client Company or UNITIL, as the case may be, (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of twenty-five percent or more of the outstanding common stock of Client Company or UNITIL, as the case may be (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire common stock);

(c) the stockholders of Client Company or UNITIL, as the case may be, approve (i) any consolidation or merger of Client Company or UNITIL in which Client Company or UNITIL, as the case may be, is not the continuing or surviving corporation or pursuant to which shares of common stock of Client Company or UNITIL, as the case may be, would be converted into cash, securities or other property, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Client Company or UNITIL, as the case may be; or

(d) there shall have been a change in a majority of the members of the Board of Directors of Client Company or UNITIL, as the case may be, within a 25 month period unless the election or nomination for election by Client Company's or UNITIL's stockholders, as the case may be, of each new director was approved by the vote of two-thirds of the directors of Client Company or UNITIL, as the case may be, then still in office who were in office at the beginning of the 25 month period.

Notwithstanding anything to the contrary in the foregoing, a "Change in Control" with respect to either Client Company or Service Company shall not mean or be construed to occur as a result of a transaction solely pursuant to which Client Company and Service Company come under common control.

2) In the event that a Change in Control occurs with respect to Client Company, then Client Company shall be deemed to have terminated this Agreement and a payment shall be

due and payable to Service Company from Client Company immediately following such Change in Control in an amount equal to the sum of the Additional Annual Payments calculated in the manner hereinafter set forth for the eight one-year periods hereinafter specified: A calculation of Additional Annual Payments shall be made pursuant to Paragraph B of Article 6 hereof, assuming for purposes of such calculation that it is being made for an initial hypothetical year beginning on January 1 of the year in which such termination occurs and that the Reimbursable Costs for such year are zero. A calculation of Additional Annual Payments pursuant to such Paragraph B of Article 6 shall then be made for seven hypothetical years following such initial hypothetical year, assuming for this purpose that the Reimbursable Costs for each such subsequent year are zero. The sum of the amounts of Additional Annual Payments so calculated for such eight year periods shall be the amount due to Service Company pursuant hereto.

3) In the event that a Change in Control occurs with respect to Service Company, then Service Company shall be deemed to have terminated this Agreement and a payment shall be due and payable to Client Company from Service Company immediately following such Change in Control in an amount equal to the sum of the Assessments calculated in the manner hereinafter set forth for the eight one-year periods hereinafter specified: A calculation of Assessments shall be made pursuant to Paragraph C of Article 6 hereof, assuming for purposes of such calculation that it is being made for an initial hypothetical year beginning January 1 of the year in which such termination occurs and that the Reimbursable Costs for such year are zero. A calculation of Assessments pursuant to such Paragraph C of Article 6 shall then be made for seven hypothetical years following such initial hypothetical year, assuming for this purpose that the Reimbursable Costs for each such subsequent year are zero. The sum of the amounts of Assessments so calculated for such eight one-year periods shall be the amount due to Client Company pursuant hereto.

4) In the event that any amount is due to Client Company or Service Company pursuant to clauses 2) or 3), above, and such amount is not paid within one business day following the occurrence of the Change in Control giving rise to such payment, then the amount of such payment or any unpaid portion thereof shall thereafter bear interest until paid at a rate per annum equal to the lesser of 18% or the highest rate permitted by law from time to time. Such interest shall be due and payable daily.

5) Client Company shall have the right to waive, on a temporary or permanent basis, the provisions of clause 3),

above, following a Change in Control of Service Company, and Service Company shall have the right to waive, on a temporary of permanent basis, the provisions of clause 2), above, following a Change in Control of Client Company. In the event any such waiver is given, then this Service Agreement shall thereafter remain in full force and effect notwithstanding that a Change in Control has occurred with respect to Client Company or Service Company. Any such waiver shall be in writing and shall specify the Change in Control with respect to which it is being given, whether such waiver is temporary or permanent and any conditions of such waiver, the failure of which to satisfy shall result in the immediate revocation of such waiver. A temporary waiver shall be deemed to become a permanent waiver if not revoked by the party giving such waiver in writing within six months following the occurrence of the Change in Control in question. Any waiver hereunder, whether temporary or permanent, shall apply only with respect to the particular Change in Control specified in such waiver and on the conditions set forth in such waiver, and the provisions of this Paragraph D shall continue to apply with respect to any other Change in Control which may occur thereafter or if the conditions specified in such waiver are not satisfied at any time in the future.

2. All of the remaining provisions of the Service Agreement, as amended by the First Amendment thereto, shall continue in full force and effect in accordance with the terms thereof.

3. The parties agree that the Service Agreement and this Second Amendment thereto shall be governed by the laws of the State of New Hampshire.

4. Client Company hereby agrees that any payment due to Service Company pursuant to Paragraph D of Article 6 of the Service Agreement as added by this Second Amendment thereto shall not be included by Client Company in rates or otherwise taken into account by Client Company for purposes of any determination by the Massachussetts Department of Public

Utilities under Sections 94 or 95 of Chapter 164 of the Massachusetts General Laws.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed as of January 22, 1989.

Attest:

Thomas J. Conry Jr.
Asst. Clerk

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By: Frank H. Childs
President

Attest:

Secretary

UNITIL Service Corp.

By: Michael J. Dalton
Vice President

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