UNITIL ENERGY SYSTEMS, INC.
Service Agreement No. 1

SERVICE AGREEMENT

This Service Agreement, effective as of March 1, 1994, is entered into by and between Concord Electric Company ("the Company") and SES Concord Company, L.P ("the Wheeling Customer"). The Company agrees to provide and the Wheeling Customer agrees to purchase, firm transmission service over the Company's electric utility system for the Contract Amount as defined below, from the point of attachment of SES Concord Company's 34.5 kV facilities at the Project to the Company's 34.5 kV line at the line terminals of the high voltage disconnect device ("Point of Delivery") to the point of interconnection of the Company's electric utility system to the Public Service Company of New Hampshire system at the Garvins Falls metering point ("Point of Interconnection") pursuant to the terms and condition of the Company's FERC Electric Tariff, Original Volume No. 1("the Tariff").

This Service Agreement shall continue in effect until April 20, 2019. After that date, this Service Agreement shall continue in effect on a year-to-year basis until duly terminated in accordance with the Commission's regulations and upon no fewer than ninety days' notice by Concord to SES Concord.

This Service Agreement is designed to reflect the terms of a Settlement Agreement entered into on , and subsequently approved by FERC in Docket No. ER 94-692.

The Contract Amount for each month shall be 13,000 kW, which is the maximum output by the Project.

Under the prior Wheeling and Interconnection Agreements between Concord Electric Company and SES Concord Company, L.P both dated August 14, 1987 and pursuant to Section 5.0 of the Tariff, the Wheeling Customer has complied to the reasonable satisfaction of the Company with all requirements relating to the interconnection of the Project with the Company's system.

Each of the conditions precedent to the Company's duty to provide Transmission Service pursuant to the Tariff have been satisfied in full. However, in accordance with Section 5.3 of the Tariff, the Wheeling Customer shall remain in continuing compliance at all times with any revisions, modifications, or extensions of the standards for an adequate, safe and reliable interconnection between the Project and the Company's electric system as imposed or promulgated at any time by any public regulatory authority having jurisdiction, or as may be required by Prudent Utility Practice, in either case as made effective by the Company, after reasonable written notice to the Wheeling Customer and for good cause.

In the event the Company finds it necessary to curtail or interrupt transmission service pursuant to Section 4.1 of the Tariff, the Company additionally agrees not to curtail or interrupt service to the Wheeling Customer unless the Company first interrupts the transmission of electric power generated by entities other than the Company for which the agreement of the

Company to transmit the electric power generated by such entities was entered into after August 14, 1987; provided that the interruption of the transmission of electric power generated by such entities would have the effect of preserving the Company's system to transmit electric power generated by the Wheeling Customer; and provided that the interruption of the transmission of electric power generated by such entities is consistent with Prudent Utility Practice and the requirements of applicable law and FERC regulation, and will not adversely affect the reliability and continuity of the Company's electric service to its native load customers.

The Company and the Wheeling Customer hereby agree that the following language shall be substituted for Section 19.0, <u>Assignment of Agreement</u> of the Tariff. "This Service Agreement may not be assigned by any Party without the prior written consent of the other Party hereto (which consent shall not be unreasonably withheld), except that, without such consent, (a) either Party may assign its rights hereunder, or transfer such rights by operation of law, to any corporation or other entity with which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, and such Party shall be released from its obligations hereunder if the successor corporation or other entity can demonstrate to the reasonable satisfaction of the other Party hereto its ability to assume all such Party's obligations hereunder and shall assume such obligations by a written instrument in form and substance reasonably satisfactory to the other Party hereto; (b) Wheeling Customer may assign its rights hereunder to an affiliated company, and Wheeling Customer shall be released from its obligations hereunder if such affiliated company shall assume in a written instrument in form and substance reasonably satisfactory to the Company, the obligations of the Wheeling Customer; (c) the Wheeling Customer may assign its rights hereunder (i) to any party to secure the financing or refinancing of the Facility or any repair, replacement, improvement, alteration or addition thereto or thereof or (ii) incident to a sale/leaseback or leveraged lease financing transaction by the Wheeling Customer if operation of the project remains the responsibility of the Wheeling Customer. The term "affiliated company" shall include any limited or general partnership in which the Wheeling Customer or one of the Wheeling Customer's subsidiaries or affiliates, principals, or owners is a general partner of any corporation in which the Wheeling Customer or one of its subsidiaries, affiliates, principals, or owners owns or controls more than 50 percent of the voting stock or otherwise has operating control. In the event of an assignment to an affiliate, the Wheeling Customer shall notify the Company within five (5) days of the effective date of the assignment."

Pursuant to Section 16.1 of the Tariff, the Wheeling Customer covenants and agrees with the Company to maintain in full force and effect throughout the term of the Service Agreement, comprehensive general liability insurance with bodily injury and property damage limits of not less $3,000,000, and to provide and keep on file with the Company at all times, a certificate or certificates evidencing such coverage.

Any notice, demand, or request to be given or served under this Service Agreement or in connection with it will be sufficient if served in writing and delivered in person or mailed by registered mail, return receipt requested, to the other Party's Authorized Representative as specified below at the following addresses:

Stewart E. Aither
Senior Vice President
Concord Electric Company
c/o UNITIL Service Corp.
216 Epping Road
Exeter, NH 03833

President
SES Concord Company, L.P.
c/o Wheelabrator Technologies Inc.
Liberty Lane
Hampton, NH 03842

with a copy to:

Concord Regional Solid Waste/
Resource Recovery Cooperative
6B South Main Street
Penacook, New Hamsphire 03303

The signatories hereto represent that they have been appropriately authorized to enter into this Service Agreement on behalf of the Party for whom they sign.

IN WITNESS HEREOF, the parties have caused this Service Agreement to be executed by their respective authorized officials.

Date: 3/8/95

Concord Electric Company
By: [signature]
Title: Senior Vice President

Date: ____________________

SES Concord Company, L.P.
By: ______________
Title: ______________

Stewart E. Aither
Senior Vice President
Concord Electric Company
c/o UNITIL Service Corp.
216 Epping Road
Exeter, NH 03833

President
SES Concord Company, L.P.
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IN WITNESS HEREOF, the parties have caused this Service Agreement to be executed by their respective authorized officials.

Date: ____________________

Concord Electric Company
By: ______________
Title: ______________

Date: Feb. 23, 1995

SES Concord Company, L.P.
By: [signature]
Title: V.P.
Wheelabrator Concord Inc.
General Partner

Rate for Firm Transmission Service:

For the period May 29, 1994 through May 29, 1999, the Demand Charge for 34.5 kV service shall be a lump sum of $1666.67 per month.

Unitil Energy Systems, Inc.
Supplement No. 2 to Service Agreement No. 1
to FERC Electric Tariff, Original Volume No. 1

Rate for Firm Transmission Service:

Effective May 30, 1999, in accordance with the Settlement Agreement in Docket No. ER94-692-000, Concord Electric Company shall charge SES Concord a rate for 34.5 kV service based on the formula attached hereto. The rate shall be capped at a level equivalent to $12,400 on an annualized basis for the period May 30, 1999 through May 29, 2000. The cap of $12,400 for the initial twelve month period shall be escalated at a rate of 7% for each twelve month period after May 29, 2000.

Incremental Cost Rate
Formula

The formula rate set forth below is applicable for rates beginning effective May 30, 1999. Each rate calculated pursuant to this formula shall be effective for a twelve month period beginning on May 30 of a calendar year and ending on May 29 of the next succeeding calendar year (the "Rate Year:").

In the event that a change in Rate Schedule FERC No. 158 , the Firm Transmission Agreement, or Supplement No. 3 to Rate Schedule FERC No. 158, the Joint Stipulation and Agreement effective November 11, 1992, between UNITIL Power Corp. and PSNH, or in NEPOOL regulation, causes CECo to bear costs associated with losses related to the treatment of SES Concord's generation, CECo may include a component reflecting costs of losses on its system in the formula hereunder; provided, however, that such costs may be reflected only after CECo or its agents have made a good faith effort to oppose the changes in the UNITIL Power - PSNH contract, or in the NEPOOL regulations, as the case may be; provided further, that such costs shall not cause the costs derived through the formula to exceed the cap described in the Settlement Agreement.

Notwithstanding Section 4.3 of the Tariff, CECo shall not charge or assess SES Concord for any wheeling or transmission losses through the term of the Service Agreement No.1 and the energy and capacity delivered by CECo shall not be reduced to account for such losses, except to the extent authorized by the immediately preceding paragraph or by Section I.D of the Settlement Agreement dated February , 1995, and approved by the Commission in Docket No. ER 94-962-000, regarding an increase in capacity or change in operation on the part of SES Concord.

The monthly charge for transmission services hereunder shall equal the Incremental Cost Rate per kilowatt month multiplied by the monthly billing demand. The monthly billing demand is defined as the greater of the Contract Demand, defined to be 13,000 kW, or the metered 60 minute kW demand during the billing month. The Incremental Cost Rate shall be the sum of the Incremental Network Rate and the Incremental 34.5 kV System Rate. If the Incremental Cost Rate is negative in any calendar year, then the rate for billing purposes will be zero for the applicable Rate Year. The Incremental Network Rate and the Incremental 34.5 kV System Rate shall be, in each case, the difference between the unit rate for the base year, defined to be calendar year 1995, and the unit rate for the calendar year immediately preceding the beginning of the Rate Year in which the monthly charge is applicable.

Unit rates for both the Network and 34.5 kV System Rates shall be calculated by dividing the respective revenue requirements allocated to SES for the applicable calendar year by the SES Contract Demand. The allocation to SES shall be determined by multiplying the Revenue Requirements by SES' 12 month average coincident peak demand, divided by the sum of the 12 month average coincident peak demands for all Qualifying Facilities in CECo's service territory (including SES), plus CECo's retail customers. All peak demand calculations will be for the year corresponding to the year of the revenue requirements calculation.

Two distinct Revenue Requirements will be developed (network and distribution). The network Revenue Requirement will be used in calculating unit rates for the Incremental Network Rate while the distribution Revenue Requirement will be used in calculating unit rates for the Incremental 34.5 kV System Rate. The total distribution Revenue Requirement will, however, need to be apportioned into 34.5 kV System revenue requirements. Such apportioning will be based on the ratio of 34.5 kV pole miles of overhead lines to total overhead pole miles and 34.5 kV cable miles of underground lines to total underground cable line miles. These ratios will be weighted by multiplying the overhead ratio by accounts 364-Poles, Towers, and Fixtures and 365-Overhead Conductors and Devices, and the underground ratio by accounts 366-Underground Conduit, and 367-Underground Conductors and Devices.

The Revenue Requirement in any calendar year will be determined by adding the following annual cost factors:

Return on Investment
Operation and Maintenance Expense
Depreciation
Taxes Other Than Income
Income Taxes

These calculations, defined as follows, will essentially be based on data reported in CECo's FERC Form No.1. Exhibit I provides a sample calculation of the unit rates for the base year. 1993 actual data was used in the sample.

Return on Investment

The investment base shall be the sum of net plant investment, allocated shares of material and supplies, prepayments, and accrued taxes, a 45 day allowance for O&M (12.5%), less an allocated share of deferred tax reserve. For the base year network Revenue Requirement, net plant investment shall be the transmission plant in service and an allocated share of general plant in service less corresponding accumulated depreciation. For the base year distribution Revenue Requirement, net plant investment shall be the distribution plant in service less accounts 369-Services, 370-Meters, 371-Installations on Customer Premises, 372-Leased Property on Customer Premises, and 373-Street Lighting and Signal Systems plus an allocated share of general plant in service less corresponding accumulated depreciation.

For each calendar year after the base year, the net plant investment shall be the base year amount plus corresponding plant additions after the base year, less the sum of the base year accumulated depreciation and accumulated depreciation on the corresponding post base year plant additions. This calculation insures that the incremental rate, based on subtracting base year from current year, will reflect the cost of post base year plant additions less depreciation on those plant additions. Starting in 1996, plant additions, as reported in CECo's FERC Form No.1, and the depreciation on those additions, will be tracked and calculated until such additions become fully depreciated. Materials and supplies, prepayments, accrued taxes, and deferred tax reserve shall be allocated on the basis of net plant investment to total net utility plant while general plant and depreciation shall be allocated on the basis of salaries and wages.

The return on investment shall be the investment base multiplied by the sum of the common equity component, the long term debt component, and the preferred stock component. The common equity component shall consist of the actual common equity capital portion of the total capitalization, times the common equity rate of return. The common equity rate of return shall be 11.00%. The long term debt component shall consist of the actual long term debt capital portion of the total capitalization times the annual weighted average cost of such long term debt. The preferred stock component shall consist of the actual preferred stock capital portion of the total capitalization times the annual weighted average cost of such preferred stock.

Operation and Maintenance Expense

The network Revenue Requirement shall include all transmission O&M excluding account 565-Transmission of Electricity by Others, plus an allocated share of Administrative and General Expense. The distribution Revenue Requirement shall include all distribution O&M excluding accounts 585-Street Lighting and Signal System Expenses, 586-Meter Expenses, 587-Customer Installation Expenses, 596-Maintenance of Street Lighting and Signal Systems, 597-Maintenance of Meters. The distribution Revenue Requirement will also include an allocated share of Administrative and General Expense. The A&G allocation will be done on the basis of salaries and wages.

Depreciation Expense

The base year network and distribution Revenue Requirements shall include the corresponding transmission or distribution depreciation expense and an allocated share of general depreciation expense. Consistent with the treatment of future plant investment and accumulated depreciation, future year depreciation expense shall be the base year amount plus the depreciation expense on corresponding plant additions after the base year. General depreciation expense will be allocated on the basis of salaries and wages as is general plant and general plant depreciation reserve.

Taxes Other Than Income

The network and distribution Revenue Requirements shall include an allocated share of Taxes Other Than Income on the basis of net plant investment to total net utility plant.

Income Taxes

Income Taxes will be computed by multiplying the investment base by the sum of the preferred stock and common equity weighted cost of capital times $t/(1-t)$, where t is the applicable combined Federal and State tax rate.

Exhibit 1
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CONCORD ELECTRIC COMPANY
DEVELOPMENT OF NETWORK UNIT RATE
FOR THE BASE YEAR

	Base Year*	REFERENCE
PLANT IN SERVICE		
1. Transmission	$1,677,396	FERC Form #1, p.207
2. General (1)	$27,726	FERC Form #1, p.207
3. Total Plant	$1,705,122	L.1 + L.2
DEPRECIATION RESERVE		
4. Transmission	($657,350)	FERC Form #1, p.219
5. General (1)	($9,051)	FERC Form #1, p.219
6. Total Reserve	($666,401)	L.4 + L.5
7. Net Plant	$1,038,721	L.3 + L.6
ADDITIONS		
8. Materials & Supplies (2)	$9,618	FERC Form #1, p.110, L.37, 43
9. Prepayments (2)	$37,113	FERC Form #1, p.110
10. O&M Allowance	$5,527	(L.16 + L.17) * .125 (1/8)
11. Accrued Taxes (2)	($1,208)	FERC Form #1, p.112
DEDUCTIONS		
12. Deferred Tax Reserve (2)	$80,034	FERC Form #1, p.113 L.63 - p.233 L.9 - p.234 L.3 + p.269 L.2
13. Investment Base	$1,000,750	L.7+L.8+L.9+L.10+L.11-L.12
14. Rate of Return	10.04%	P.3, L.4
15. Return on Investment	$100,475	L.13 * L.14
EXPENSES		
16. Transmission O&M (internal only)	$31,871	FERC Form #1, p.321 excl. A/C 565
17. A&G (1)	$12,344	FERC Form #1, p.323
18. Transmission Depreciation	$50,815	FERC Form #1, p.336
19. General Depreciation (1)	$923	FERC Form #1, p.336
20. Taxes Other Than Income (2)	$51,928	FERC Form #1, p.115
21. Income Taxes (3)	$26,292	t/(1-t) * L.13 * p.3(L.2 + L.3)
22. Total Expenses	$174,173	
23. Revenue Requirement	$274,648	L.15 + L.22
24. SBS Contract Demand (kW)	11,907	
25. Other Wheeling (kW)	5,480	
26. CECO Retail Load (kW)	76,598	
27. Total	93,984	
28. Allocated Revenue Requirement	$34,794	L.23 * L.24 / L.27
29. SBS Contract Demand	13,000	
30. Annual Rate ($/kW/yr)	$2.68	L.28 / L.29
31. Monthly Rate ($/kW/mo)	$0.22	L.30 / 12

(1) Transmission related general plant, depreciation reserve and expense, and A&G expense was determined by multiplying the total company amount by the following transmission labor ratio.

	Base Year	
Transmission Salaries & Wages	$8,930	FERC Form #1, p.354
Total S&W less A&G	$1,211,460	FERC Form #1, p.354
	0.74%	

(2) Based on the percentage of net plant (line 7) to total net utility plant.

Base Year	
$1,038,721	L.7
$25,155,927	FERC Form #1, p.200
4.13%	

(3) (1 - State Rate) * Federal Rate + State Rate = Effective Rate
Base Year (1 - 0.0%) * 34.00% + 0.0% = 34.00%

* The base year is defined to be 1995. For a sample calculation, 1993 actual data was used.

Exhibit I
Page 2

CONCORD ELECTRIC COMPANY
DEVELOPMENT OF 34.5 kV SYSTEM UNIT RATE
FOR THE BASE YEAR

	Base Year*	REFERENCE
PLANT IN SERVICE		
1. Distribution Accounts	$22,240,996	FERC Form #1, p.207 excl. A/C 360-373
2. General (1)	$1,953,014	FERC Form #1, p.207
3. Total Plant	$24,194,010	L.1 + L.2
DEPRECIATION RESERVE		
4. Distribution Accounts	($5,718,957)	FERC Form #1, p.219 excl. A/C 360-373
5. General (1)	($637,300)	FERC Form #1, p.219
6. Total Reserve	($6,356,257)	L.4 + L.5
7. Net Plant	$17,837,753	L.3 + L.6
ADDITIONS		
8. Materials & Supplies (2)	$165,172	FERC Form #1, p.110, L.37, 43
9. Prepayments (2)	$637,328	FERC Form #1, p.110
10. O&M Allowance	$210,336	(L.16 + L.17) * .125 (1/8)
11. Accrued Taxes (2)	($20,093)	FERC Form #1, p.112
DEDUCTIONS		
12. Deferred Tax Reserve (2)	$1,528,786	FERC Form #1, p.112 L.53 - p.233 L.9 - p.234 L.3 + p.269 L.2
13. Investment Base	$17,310,111	L.7+L.8+L.9+L.10+L.11-L.12
14. Rate of Return	10.04%	P.3, L.4
15. Return on Investment	$1,737,935	L.13 * L.14
EXPENSES		
16. Distribution O&M Accounts	$871,409	FERC Form #1, p.321 excl. A/C 583-587,596-597
17. A&G (1)	$883,281	FERC Form #1, p.323
18. Depreciation	$722,277	FERC Form #1, p.336 excl. A/C 360-373
19. General Depreciation (1)	$65,017	FERC Form #1, p.336
20. Taxes Other Than Income (2)	$991,741	FERC Form #1, p.115
21. Income Taxes (3)	$454,784	t/(1-t) * L.13 * p.3(L.2 + L.3)
22. Total Expenses	$3,888,508	
23. Total Revenue Requirement	$5,626,443	L.15 + L.22
24. 34.5 kV Allocator	6.96%	P.4
25. Rev. Requirement at 34.5 kV	$391,578	L.23 * L.24
26. SES Contract Demand (kW)	11,907	
27. Other Wheeling (kW)	3,480	
28. CECO Retail Load (kW)	78,599	
29. Total	93,986	
30. 34.5 kV Allocated Rev. Req.	$49,607	L.25 * L.26 / L.29
31. SES Contract Demand	13,000	
32. Annual Rate ($/kW/yr)	$3.82	L.30 / L.31
33. 34.5 kV Monthly Rate ($/kW/mo)	$0.32	L.32 / 12

(1) General plant, depreciation reserve and expense, and A&G expense was determined by multiplying the total company amount by the following labor ratio.

	Base Year	
Distribution Accounts Salaries & Wages	$630,214	FERC Form #1, p.354
Total S&W less A&G	$1,211,660	FERC Form #1, p.354
	52.01%	

(2) Based on the percentage of net plant (line 7) to total net utility plant.

Base Year	
$17,837,753	L.7
$25,155,937	FERC Form #1, p.200
70.91%	

(3) (1- State Rate) * Federal Rate + State Rate = Effective Rate
Base Year (1 - 0.0%) * 34.00% + 0.0% = 34.00%

* The base year is defined to be 1995. For a sample calculation, 1993 actual data was used.

CONCORD ELECTRIC COMPANY
Cost of Capital
Base Year*

	AMOUNT	% OF TOTAL	COST	COST COMPONENT
1. Long-Term Debt	$10,514,000	52.92%	9.33%	4.94%
2. Preferred Stock	$449,067	2.26%	7.55%	0.17%
3. Common Equity	$8,903,823	44.82%	11.00%	4.93%
4. Total	$19,866,890	100.00%		10.04%

DETAILS OF LONG-TERM DEBT

	AMOUNT	COST	ANNUAL COST	PROFORMED COST	PROFORMED ANNUAL COST
5. 6 3/4% Due 1-15-98	$1,584,000	6.80%	$107,718		$107,718
6. 8.70% Due 11-15-01 (1)	930,000	8.94%	83,162	8.77%	81,523
7. 9.85% Due 10-15-97 (2)	1,500,000	17.68%	265,270	10.48%	157,177
8. 9.43% Due 9-1-03	6,500,000	9.75%	634,044		634,044
9. Totals	$10,514,000		$1,090,195		$980,462
10. Weighted Average Cost			10.37%		9.33%

(FERC Form #1, p.257) (FERC Form #1, p.257, p.117, L.57)

DETAILS OF PREFERRED STOCK

	AMOUNT	COST	ANNUAL COST
11. 6.00% Series	$225,000	6.00%	$13,500
12. 8.70% Series	230,000	8.87%	20,397
13. Totals	$455,000		$33,897
14. Less Capital Stock Expense	5,933		
	$449,067		$33,897
15. Weighted Average Cost			7.55%

(FERC Form #1, p.251, p.254) (FERC Form #1, p.118)

DETAILS OF COMMON EQUITY

16. Common Stock	$1,467,426	(FERC Form #1, p.112)
17. Retained Earnings	7,471,036	(FERC Form #1, p.112)
18. Capital Stock Expense	(34,639)	(FERC Form #1, p.254)
	$8,903,823	

(1)$20,000 paid on principal on November 15, 1993. Proformed cost based on annualized Dec. 1993 expense.

(2)$1,000,000 paid on principal on October 15, 1993. Proformed cost based on annualized Dec. 1993 expense.

* The base year is defined to be 1995. For a sample calculation, 1993 actual data was used.

CONCORD ELECTRIC COMPANY
Calculation of Allocation Factor For
Separating 34.5 kV System

Voltage Level: 34.5 kV

	Overhead Lines Pole Miles*	Underground Lines Cable Miles*
34.5 kV	29.32	14.55
Total	604.34	86.83
	4.85%	16.76%

	Base Year*		34.5 kV
A/C 364 - Poles, Towers, and Fixtures	$4,544,641	4.85%	$220,487
A/C 365 - Overhead Conductors and Devices	$5,573,901	4.85%	$270,422
A/C 366 - Underground Conduit	$579,804	16.76%	$97,157
A/C 367 - Underground Conductors and Devices	$1,597,343	16.76%	$267,665
	$12,295,689	6.96%	$855,730

* The base year is defined to be 1995. For a sample calculation, 1993 actual data was used.