CAPTION SHEET CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00
2. BUREAU: FUS
3. SECTION(S):
4. PUBLIC MEETING DATE: 00/00/00
5. APPROVED BY:
   DIRECTOR:
   SUPERVISOR:
6. PERSON IN CHARGE:
7. DATE FILED: 03/30/00
8. DOCKET NO: A-125078
9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: UNITIL RESOURCES INC T/A USOURC

COMP/APP COUNTY: UTILITY CODE: 125078

ALLEGATION OR SUBJECT

APPLICATION OF UNITIL RESOURCES, INC., D/B/A USOURCE, FOR APPROVAL TO OFFER, RENDER, FURNISH, OR SUPPLY NATURAL GAS SERVICES AS A BROKER/MARKETER TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA, SPECIFICALLY IN THE SERVICE TERRITORIES OF NUI VALLEY CITIES GAS (NUI TRANSPORTATION SERVICES); NATIONAL FUEL GAS DISTRIBUTION CORP.; PENN FUEL (NORTH PENN GAS COMPANY & PENN FUEL GAS); THE PEOPLES NATURAL GAS COMPANY; T.W. PHILLIPS GAS AND OIL COMPANY; UGI; PG ENERGY; EQUITABLE GAS COMPANY; CARNEGIE NATURAL GAS COMPANY; COLUMBIA GAS OF PA, INC.; AND PECO.

DOCUMENT
FOLDER

ORIGINAL

LEBOEUF, LAMB, GREENE & MACRAE
L.L.P.
A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

NEW YORK
WASHINGTON, D.C.
ALBANY
BOSTON
DENVER
HARRISBURG
HARTFORD
HOUSTON
JACKSONVILLE
LOS ANGELES
NEWARK
PITTSBURGH
SALT LAKE CITY
SAN FRANCISCO

200 NORTH THIRD STREET
SUITE 300
P.O. BOX 12105
HARRISBURG, PA 17108-2105
(717) 232-8199
FACSIMILE: (717) 232-8720

LONDON
(A LONDON BASED MULTINATIONAL PARTNERSHIP)
PARIS
BRUSSELS
MOSCOW
RIYADH
(AFFILIATED OFFICE)
TASHKENT
BISHKEK
ALMATY
BEIJING

RECEIVED
00 MAR 30 PM 4:04
PA.P.U.C.
SECRETARY'S BUREAU

VIA HAND DELIVERY

March 30, 2000

James J. McNulty
Secretary
P.O. Box 3265
Harrisburg, PA 17120-3265

A-125078

Re: Application of Unitil Resources, Inc., d/b/a Usource

Dear Secretary McNulty:

Enclosed please find an original and three (3) copies of the above-referenced Application to serve as a natural gas broker in Pennsylvania. A disk containing the document is also enclosed. The document is in a WordPerfect file. Also enclosed is the filing fee of $350.

Please contact me if you have any questions or concerns about the enclosed.

Sincerely,

John J. Gallagher

cc: Ed Rodrock, FUS
Raymond Morrissey
All parties on Certificate of Service

DOCUMENT
FOLDER

64

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF UNITIL RESOURCES, INC., D/B/A USOURCE, FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY NATURAL GAS SUPPLY SERVICES AS A BROKER/MARKETER ENGAGED IN THE BUSINESS OF SUPPLYING NATURAL GAS SUPPLY SERVICES TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA	:	APPLICATION A- 125078

RECEIVED
00 MAR 30 PM 4:04
PA.P.U.C.
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

Pursuant to Section 5.14 of the Commission's Regulations, I hereby certify that I have, this 30 th day of March, 2000, served a true and correct copy of the foregoing Application on the following:

Irwin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Bernard A. Ryan, Jr.
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

NUI Valley Cities Gas
Mike Vogel
PO Box 3175
Union, NJ 07083-1975

Penn Fuel
Jim Evans
2 North 9th Street
GENA94
Allentown, PA 18101

T.W. Phillips Gas and Oil Company
Robert M. Hovanec
205 North Main Street
Butler, PA 16001

PG Energy
Richard N. Marshall
One PEI Center
Wilkes-Barre, PA 18711-0601

Carnegie Natural Gas Company
Donald A. Melzer
800 Regis Avenue
Pittsburgh, PA 19236

Equitable Gas Company
Antionette Litchy
200 Allegheny Center Mall
Pittsburgh, PA 15212-5352

National Fuel Gas Distribution Corp.
James E. Patterson
10 Lafayette Square
Buffalo, NY 14203

UGI
David Beaston
P.O. Box 12677
Reading, PA 15222

Columbia Gas of PA, Inc.
Paula Frauen
650 Washington Road
Pittsburgh, PA 15228

PECO
Kevin Carrabine
300 Front Street
Conshohocken, PA 19428

The Peoples Natural Gas Company
Joseph J. Malatesta, Jr.
Malatesta Hawke & McKeon LLP
Harrisburg Energy Center
100 North Tenth Street
Harrisburg, PA 17101

Submitted by:

John J. Gallagher

John J. Gallagher, Esquire
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
200 North Third Street, Suite 300
P.O. Box 12105
Harrisburg, PA 17108-2105
(717) 232-8199

Counsel for Unitil Resources, Inc.
d/b/a Usource

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF UNITIL RESOURCES, INC., D/B/A USOURCE, FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY NATURAL GAS SUPPLY SERVICES AS A BROKER/MARKETER ENGAGED IN THE BUSINESS OF SUPPLYING NATURAL GAS SUPPLY SERVICES TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA	:	APPLICATION A- 125078

RECEIVED
00 MAR 30 PM 4:04
PA.P.U.C.
SECRETARY'S BUREAU

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number and fax number of the Applicant are:

Unitil Resources, Inc., d/b/a Usource
6 Liberty Lane West
Hampton, NH 03842-1720
(603) 773-6503
(603) 773-6703 (fax)

The Applicant has no predecessors, nor has it operated under any other names within the past five (5) years.

2. a. **CONTACT PERSON:** The name, title, address, telephone number, and fax number of the person to whom questions about this Application should be addressed are:

Raymond Morrissey
Vice President of Customer Relations
6 Liberty Lane West
Hampton, NH 03842-1720
(603) 773-6503
(603) 773-6703 (fax)

DOCKETED
APR - 4 2000

DOCUMENT
FOLDER

b. **CONTACT PERSON -- PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:** The name, title, address, telephone number and fax number of the person with whom contact should be made by PEMA:

Raymond Morrissey
Vice President of Customer Relations
6 Liberty Lane West
Hampton, NH 03842-1720
(603) 773-6503
(603) 773-6703 (fax)

3. a. **ATTORNEY:** The name, address, telephone number and fax number of the Applicant's attorney are:

John J. Gallagher
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
200 North Third Street
Suite 300
P.O. Box 12105
Harrisburg, PA 17108-2105
(717) 232-8199
(717) 232-8720 (fax)

b. **REGISTERED AGENT:** The name, address, telephone number and fax number of the Applicant's Registered Agent in the Commonwealth are:

CSC United States Corporation Company
319 Market Street
Harrisburg, PA 17108
(717) 234-9715
(717) 234-9055 (fax)

4. **FICTITIOUS NAME:** The Applicant will be using a fictitious name. A copy of the Applicant's approved Application for Registration of Fictitious Name is attached as **Exhibit A**.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** The Applicant is a foreign corporation, incorporated in the State of New Hampshire. A copy of the Applicant's approved Application for Certificate of Authority is attached as **Exhibit B**. A copy of the Applicant's Articles of Incorporation is attached as **Exhibit C**. The names and addresses of the officers are as follows:

Chief Executive Officer	Vacant
Secretary	Sandra L. Whitney 6 Liberty Lane Hampton, NH 03842
Treasurer	Mark H. Collin 6 Liberty Lane Hampton, NH 03842
Controller	Laurence M. Brock 6 Liberty Lane Hampton, NH 03842

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** The Applicant's corporate structure and affiliates are shown on **Exhibit D**. The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

The Applicant applied for a Pennsylvania Electric Broker license on March 16, 2000. The docket number of that application is A-110131.

7. **APPLICANT'S PRESENT OPERATIONS:** The Applicant is not presently doing business in Pennsylvania.

8. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a broker/marketer engaged in the business of supplying natural gas services.

9. **PROPOSED SERVICES:** Usource provides natural gas brokering services to commercial and industrial customers. As a broker of supply, Usource uses its internet platform to match willing buyers with willing sellers of energy products. As such, Usource is not involved in and does not plan to be involved in the sale of natural gas.

10. **SERVICE AREA:** The Applicant will offer its services throughout the entire Commonwealth of Pennsylvania.

11. **CUSTOMERS:** The Applicant proposes to initially provide services to: commercial customers (less than 6,000 Mcf annually), commercial customers (6,000 Mcf or more annually), industrial customers and governmental customers.

12. **START DATE:** The Applicant proposes to begin delivering services on or about May 1, 2000.

13. **NOTICE:** A certificate of service is attached.

14. **TAXATION:** The Applicant's Tax Certification Statement is attached as Exhibit E to this Application.

15. **COMPLIANCE:** Neither Unitil Resources, Inc., d/b/a Usource, nor any person identified in this Application, has been convicted of a crime involving fraud or similar activity. *During the last five (5) years, neither Unitil Resources, Inc., d/b/a Usource, nor any* person identified in this Application has been the defendant or respondent in any proceeding dealing with business operations.

16. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** Unitil Resources, d/b/a Usource, acknowledges that all services should be priced in clearly stated terms to the extent possible, and that common definitions should be used. The Applicant also acknowledges that all consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers, or other deadlines prominently communicated. Finally, Unitil Resources acknowledges that penalties and procedures for ending contracts should be clearly communicated.

a. CONTACTS FOR CONSUMER SERVICE AND COMPLAINTS: The name, title, address, telephone number and fax number of the person and alternate responsible for addressing customer complaints are:

Responsible Person:	Alternate:
Raymond Morrissey	Jill Areson-Perkins
Vice President of Customer Relations	Manager Customer Relations
6 Liberty Lane West	6 Liberty Lane West
Hampton, NH 03842-1720	Hampton, NH 03842-1720
(603) 773-6503	(603) 773 6535
(603) 773-6703 (fax)	(603 773-6647 (fax)

b. STANDARD FORMS OR CONTRACTS: Unitil Resources, Inc., d/b/a/ Usource, does not use or propose to use any standard forms or contracts for providing service to residential customers. At the present time, said Applicant does not intend to provide natural gas brokering service to residential customers.

c. DISCLOSURE STATEMENT: Based on discussions between the Applicant's Counsel and PUC staff, the Applicant believes a disclosure statement is unnecessary for an entity such as Usource that will act as a broker of willing buyers and sellers of natural gas.

17. **FINANCIAL FITNESS:** Financial statements demonstrating the Applicant's financial fitness are included in the Applicant's 1998 Annual Report, which is attached at **Exhibit F**. Financial statements for the period ending December 31, 1999 are attached at **Exhibit G**. The organizational structure of the Applicant, including parent and affiliated companies, is shown on **Exhibit D**. The professional resumes of the Applicant's chief officers (including the Chief Executive Officer of the Applicant's Parent) are attached at **Exhibit H**. The name, title, address, telephone number and fax number of the Applicant's custodian for accounting records are:

Laurence M. Brock
Controller
6 Liberty Lane West
Hampton, NH 03842-1720
(603) 773-6510
(603) 773-6647 (fax)

18. **TECHNICAL FITNESS:** **Exhibits I and J** discusses the Applicant's experience as a broker of energy products, and provides additional evidence of the Applicant's professional responsibility and technical fitness.

19. **TRANSFER OF LICENSE:** *Unitil Resources, Inc., d/b/a Usource,* understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. The transferee will be required to file the appropriate licensing application.

20. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Unitil Resources, Inc., d/b/a Usource, agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.

21. **REPORTING REQUIREMENTS:** Unitil Resources, Inc., d/b/a Usource, agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:

a. REPORTS OF GROSS RECEIPTS: The Applicant will report its Pennsylvania intrastate gross receipts to the Commission on an annual basis no later than 30 days following the end of the calendar year.

22. **FURTHER DEVELOPMENTS:** Unitil Resources, Inc., d/b/a Usource, acknowledges that it is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.

26. **FALSIFICATION:** Unitil Resources, Inc., d/b/a Usource, understands that the making of false statements herein may be grounds for denying the Application or, if later

discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. Sections 4903 and 4904, relating to perjury and falsification in official matters.

27. **FEE:** Unitil Resources, Inc., d/b/a Usource, has enclosed the required initial licensing fee of $350.00, payable to the Commonwealth of Pennsylvania.

Unitil Resources, Inc., d/b/a Usource

By: Laurence M. Brock

Title: CONTROLLER 3/28/00

Exhibit A

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU
ROOM 308 NORTH OFFICE BUILDING
P.O. BOX 8722
HARRISBURG, PA 17105-8722

168

MAR 27 2000

USOURCE

THE CORPORATION BUREAU IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. PLEASE NOTE THE FILE DATE AND THE SIGNATURE OF THE SECRETARY OF THE COMMONWEALTH. THE CORPORATION BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA. IF YOU HAVE ANY QUESTIONS PERTAINING TO THE CORPORATION BUREAU, CALL (717) 787-1057.

ENTITY NUMBER: 2929408

MICROFILM NUMBER: 2000020

0625-0626

JONATHAN P NASE
LEBOEUF LAMB GREENE & MACRAE PC
PO BOX 12105
HARRISBURG PA 17108-2105

Microfilm Number ____________

Entity Number 2939920 · 625

Filed with the Department of State on MAR 1 0 2000

Kim Pizzingrilli
Secretary of the Commonwealth

APPLICATION FOR REGISTRATION OF FICTITIOUS NAME

DSCB:54-311 (Rev 90)

In compliance with the requirements of 54 Pa.C.S. § 311 (relating to registration), the undersigned entity(ies) desiring to register a fictitious name under 54 Pa.C.S. Ch. 3 (relating to fictitious names), hereby state(s) that:

1. The fictitious name is: Usource

2. A brief statement of the character or nature of the business or other activity to be carried on under or through the fictitious name is:

   Provide energy - brokering services using its internet platform to match willing buyers with willing sellers of energy products.

3. The address, including number and street, if any, of the principal place of business of the business or other activity to be carried on under or through the fictitious name is (P.O. Box alone is not acceptable):

Number and Street	City	State	Zip	County
6 Liberty Lane	Hampton	NH	03842-1720	N/A

4. The name and address, including number and street, if any, of each individual interested in the business is:

Name	Number and Street	City	State	Zip

5. Each entity, other than an individual, interested in such business is (are):

Name	Form of Organization	Organizing Jurisdiction	Principal Office Address	Pa. Registered Office, if any
Unitil Resources, Inc.	Business Corp.	NH	6 Liberty Lane Hampton, NH	CSC United States Corporation Company, Dauphin County

6. The applicant is familiar with the provisions of 54 Pa.C.S. § 332 (relating to effect of registration) and understands that filing under the Fictitious Names Act does not create any exclusive or other right in the fictitious name.

7. (Optional): The name(s) of the agent(s), if any, any one of whom is authorized to execute amendments to, withdrawals from or cancellation of this registration in behalf of all then existing parties to the registration, is (are):

200020 - 626

IN TESTIMONY WHEREOF, the undersigned have caused this Application for Registration of Fictitious Name to be executed this 8 day of MARCH, 2000

(Individual Signature)	(Individual Signature)
(Individual Signature)	(Individual Signature)
(Name of Entity)	Unitil Resources, Inc. (Name of Entity)
BY:	BY: Laurence M. Brock
TITLE:	TITLE: CONTROLLER

Exhibit B

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU
ROOM 308 NORTH OFFICE BUILDING
P.O. BOX 8722
HARRISBURG, PA 17105-8722

171

MAR 27 2000

UNITIL RESOURCES INC.

THE CORPORATION BUREAU IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. PLEASE NOTE THE FILE DATE AND THE SIGNATURE OF THE SECRETARY OF THE COMMONWEALTH. THE CORPORATION BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA. IF YOU HAVE ANY QUESTIONS PERTAINING TO THE CORPORATION BUREAU, CALL (717) 787-1057.

ENTITY NUMBER: 2929440

MICROFILM NUMBER: 2000020

0631-0632

J P NASE
LEBOEUF LAMB GREENE & MACRAE LLP
PO BOX 12105
HARRISBURG PA 17108-2105

Microfilm Number ________________

Entity Number 2912490 631

Filed with the Department of State MAR 1 0 2000

Kim Pizzingrilli

Secretary of the Commonwealth

APPLICATION FOR CERTIFICATE OF AUTHORITY

DSCB:15-4124/6124 (Rev 90)

Indicate type of corporation (check one):

X **Foreign Business Corporation** (15 Pa.C.S. § 4124)

____ **Foreign Nonprofit Corporation** (15 Pa.C.S. § 6124)

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) the undersigned association hereby states that:

1. The name of the corporation is: Unitil Resources Inc.

2. The name which the corporation adopts for use in this Commonwealth is **(complete only when the corporation must adopt a corporate designator for use in Pennsylvania):**

3. **(If the name set forth in paragraph 1 or 2 is not available for use in this Commonwealth, complete the following):**

   The fictitious name which the corporation adopts for use in transacting business in this Commonwealth is:

   Usource

   The corporation shall do business in Pennsylvania only under such fictitious name pursuant to the attached resolution of the board of directors under the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) and the attached form DSCB:54-311 (Application for Registration of Fictitious Name).

4. The name of the jurisdiction under the laws of which the corporation is incorporated is:

   New Hampshire

5. The address of its principal office under the laws of the jurisdiction in which it is incorporated is:

Number and Street	City	State	Zip
6 Liberty Lane	Hampton	NH	03842-1720

6. The (a) address of this corporation's proposed registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

   (a) ________________
   Number and Street City State Zip County

   (b) c/o: CSC United States Corporation Company — Dauphin
   Name of Commercial Registered Office Provider — County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

516 ag

200020 - 632

7. (Check one of the following):

X (Business corporation): The corporation is a corporation incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise.

____ (Nonprofit corporation): The corporation is a corporation incorporated for a purpose or purposes not involving pecuniary profit, incidental or otherwise.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this Application for a Certificate of Authority to be signed by a duly authorized officer thereof this 8 day of MARCH, 2000

Unitil Resources, Inc.
(Name of Corporation)

BY: Lawrence M Brock
(Signature)

TITLE: CONTROLLER 3/8/00

Exhibit C

STATE OF NEW HAMPSHIRE

ARTICLES OF INCORPORATION
UNITIL Resources, Inc.

THE UNDERSIGNED, ACTING AS INCORPORATOR OF A CORPORATION UNDER THE NEW HAMPSHIRE BUSINESS CORPORATION ACT, ADOPTS THE FOLLOWING ARTICLES OF INCORPORATION FOR SUCH CORPORATION:

FIRST: The name of the corporation is UNITIL Resources, Inc.

SECOND: The corporation is authorized to issue ten thousand (10,000) shares of common stock having a par value of $1.00 per share. These shares shall have unlimited voting rights and shall be entitled to the net assets of the corporation upon dissolution.

THIRD: The street address of the initial registered office of the corporation is 216 Epping Road, Exeter, New Hampshire 03833 and the name of its initial registered agent at that office is Gail S. Brown.

FOURTH: The capital stock will be sold or offered for sale within the meaning of RSA 421-B. (New Hampshire Securities Act).

FIFTH: The corporation is empowered to transact any and all lawful business for which corporations may be incorporated under RSA 293-A. (New Hampshire Business Corporation Act).

SIXTH: The name and address of each incorporator is:

Gail S. Brown
216 Epping Road
Exeter, New Hampshire 03833

Dated May 6, 1993

Gail S. Brown
Incorporator

002410.WP

Form 11-A

ADDENDUM TO ARTICLES OF INCORPORATION

OF UNITIL Resources, Inc.
(insert corporate name here)

STATEMENT PURSUANT TO NH RSA 421-B:13 I-a (a)

APPLICANT NAME: UNITIL Resources, Inc.

BUSINESS ADDRESS: 216 Epping Road
Exeter, New Hampshire 03833

TELEPHONE NUMBER: (603) 772-0775

I (we) am (are) aware that the Uniform Securities Act of the State of New Hampshire (RSA 421-B) exempts from registration up to ten (10) sales of a corporation's securities, for a corporation newly formed or to be formed, provided that sales are consummated within 30 days after commencement of business by the issuer (RSA 421-B:17 II (k)).

ITEM A

If the corporation will be in compliance with RSA 421-B:17 II (k), the above statute, all incorporators must initial on the lines provided in this item, then proceed to Certification, otherwise you must complete Item B.

Initials: GB

ITEM B

Please complete the appropriate section (for assistance, please call Bureau of Securities Regulation at 271-1463):

1) If the corporation has or will be registering its securities for sale in the State of New Hampshire, enter the date the registration statement was or will be filed with the Bureau of Securities Regulation: ____________

OR

2) If the corporation will not be registering its securities for sale in the State of New Hampshire, enter the exemption claimed for sale of the corporation's securities: ____________

CERTIFICATION ******** MUST BE COMPLETED AND NOTARIZED ******** CERTIFICATION

I(we) certify that the person(s) signing this form includes all the incorporators, and that the foregoing is true and complete to the best of my (our) knowledge. We further certify that the articles of incorporation state whether the capital stock will be sold or offered for sale within the meaning of RSA 421-B:

Signature: Gail S. Brown   Signature: ____________

Signature: ____________   Signature: ____________

State of New Hampshire

County of Rockingham

Subscribed and sworn to before me this 6th day of May, 19 93.

Donna M. Carleton
My commission expires:
DONNA M. CARLETON, Notary Public
My Commission Expires May 1, 1996

********************* ORIGINAL MUST BE FILED *********************

11/92

COPY

Unitil As of July 12, 1999

Officers

Robert G. Schoenberger
Chairman & CEO
Michael J. Dalton
President & COO
Anthony J. Baratta, Jr.
Sr. Vice President & CFO
Mark H. Collin
Treasurer & Secretary

Board of Directors

Michael J. Dalton
Albert H. Elfner, III
Ross B. George
Bruce W. Keough
M. Brian O'Shaughnessy
J. Parker Rice, Jr.
Robert G. Schoenberger*
Charles H. Tenney III
W. William VanderWolk, Jr.
Joan D. Wheeler
Franklin Wyman, Jr.

* chairman

Committees of the Board

Audit
George
O'Shaughnessy
Rice

Compensation
Elfrer
Keough*
Tenney III

Executive
Keough
Schoenberger
VanderWolk*
Wheeler
Wyman

Subsidiaries

Fitchburg Gas and Electric Light Company

Board of Directors
Dalton
Elfner
George
Keough
O'Shaughnessy
Rice
Schoenberger
Tenney III
VanderWolk
Wheeler
Wyman

Officers
Dalton, President
Daly, Senior VP
Foote, Senior VP
Collin, Treasurer
Kershaw, Asst. Treas.
Brock, Controller
Whitney, Clerk

Concord Electric Company

Board of Directors
Dalton
Elfner
George
Keough
Rice
O'Shaughnessy
Schoenberger
Tenney III
VanderWolk
Wheeler
Wyman

Officers
Dalton, President
Heath, VP & GM
Collin, Treasurer
Kershaw, Asst. Treas.
Brock, Controller
Whitney, Secretary

Exeter & Hampton Electric Company

Board of Directors
Dalton
Elfner
George
Keough
Rice
O'Shaughnessy
Schoenberger
Tenney III
VanderWolk
Wheeler
Wyman

Officers
Dalton, President
Smoker, VP & GM
Collin, Treasurer
Kershaw, Asst. Treas.
Brock, Controller
Whitney, Secretary

Unitil Service Corp.

Board of Directors
Baratta
Dalton
Daly
Gantz
Schoenberger

Officers
Schoenberger, Pres
Dalton, S-EVP
Baratta, SVP
Black, VP
Daly, SVP
Gantz, SVP
Foote, VP
Appleton, VP
Morrissey, VP
Stewart, VP
Smith, VP
Collin, VP & Treasurer
Brock, VP & Controller
Whitney, Secretary

Unitil Power Corp.

Board of Directors
Dalton
Daly
Foote
Gantz
Schoenberger

Officers
Gantz, President
Daly, Senior VP
Foote, Senior VP
Collin, Treasurer
Brock, Controller
Whitney, Secretary

Unitil Realty Corp.

Board of Directors
Dalton
Daly
Gantz
Collin
Schoenberger

Officers
Dalton, Pres
Collin, VP/Treasurer
Brock, Controller
Whitney, Secretary

Unitil Resources, Inc.

Board of Directors
Daly
Gantz
Schoenberger

Officers
Daly, President
Black, VP
Collin, VP/Treas
Brock, Controller
Whitney, Secretary

FEUCO

Board of Directors
Dalton
Collin
Schoenberger

Officers
Dalton, President
Whitney, Secretary
Collin, VP/Treasurer

Exhibit D

Exhibit E

COMMONWEALTH OF PENNSYLVANIA PUBLIC UTILITY COMMISSION

TAX CERTIFICATION STATEMENT

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 81/2" x 11" paper. Type or print all information requested.

1. CORPORATE OR APPLICANT NAME: Unitil Resources, Inc.

2. BUSINESS PHONE NO. (603) 773-6503
CONTACT PERSON(S) FOR TAX ACCOUNTS: Ray Morrissey

3. TRADE/FICTITIOUS NAME (IF ANY): Usource

4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.): 6 Liberty Lane West (POST OFFICE): Hampton STATE: NH (ZIP): 03842-1720

5. TYPE OF ENTITY: ☐ SOLE PROPRIETOR ☐ PARTNERSHIP ☒ CORPORATION

8. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
Treasurer - Mark H. Collin	
Secretary - Sandra L. Whitney	
Controller - Laurence M. Brock	

9. LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS. (ALL ITEMS: A, B, AND C MUST BE COMPLETED)

A. SALES TAX LICENSE (8 DIGITS): APPLICATION PENDING ☐ N/A ☒

C. CORPORATE BOX NUMBER (7 DIGITS): APPLICATION PENDING ☒ N/A ☐

B. EMPLOYER ID (EIN) (9 DIGITS): 02-0463932 APPLICATION PENDING ☐ N/A ☐

10. Do you have PA employees either resident or non-resident? ☐ YES ☒ NO

11. Do you own any assets or have an office in PA? ☐ YES ☒ NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

PA SALES AND USE TAX	EMPLOYER TAXES	CORPORATE TAXES
N/A	George Long, Director - Human Resources	Barbara Smith, Director - Accounting Services
PHONE	PHONE 603-773-6490	PHONE 609-773-6511

Telephone inquiries about this form may be directed to the Pennsylvania Department of Revenue at the following numbers: (717) 772-2673, TDD# (717) 772-2252 (Hearing Impaired Only)

Unitil

EXHIBIT F

in FOCUS

Annual Report 1998

Contents

Company Description

Unitil Corporation is a public utility holding company with electric utility distribution operations in several cities and towns in the seacoast and capital city areas of New Hampshire, and a combination electric and gas utility distribution operation in north-central Massachusetts. Unitil is also engaged in energy planning, procurement, marketing and consulting activities through both its utility and non-utility subsidiaries. Its subsidiaries are Concord Electric Company, Exeter & Hampton Electric Company, Fitchburg Gas and Electric Light Company, Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc., and Unitil Service Corp.

FINANCIAL highlights

Financial Data

	1998	1997	1996
Electric Operating Revenues (000's)	$149,639	$149,973	$149,696
Gas Operating Revenues (000's)	$17,009	$19,729	$21,105
Other Operating Revenues (000's)	$30	$36	$45
Total Operating Revenues (000's)	$166,678	$169,738	$170,846
Net Income (000's)	$8,249	$8,235	$8,729
Dividend Payout Ratio	77%	74%	68%
Return on Average Common Equity	10.9%	11.4%	12.8%
Total Assets (000's)	$376,835	$238,531	$232,108
Equity Capitalization	51%	53%	54%
Cash Construction Expenditures (000's)	$14,463	$13,887	$19,359

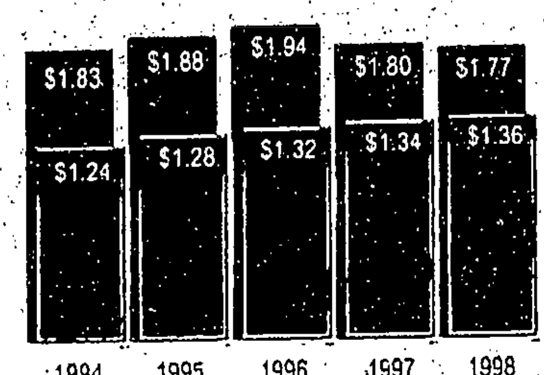
Common Share Data

	1998	1997	1996
Basic Earnings Per Share	$1.77	$1.80	$1.94
Diluted Earnings Per Share	$1.72	$1.76	$1.89
Dividends Paid Per Common Share	$1.36	$1.34	$1.32
Book Value Per Share (Year-End)	$16.47	$16.05	$15.50
Market Price (Year-end)	$25.44	$24.31	$20.00
Common Shares Outstanding (Year-End) (000's)	4,575	4,464	4,384
Number of Common Shareholders of Record (Year-End)	2,340	2,428	2,473

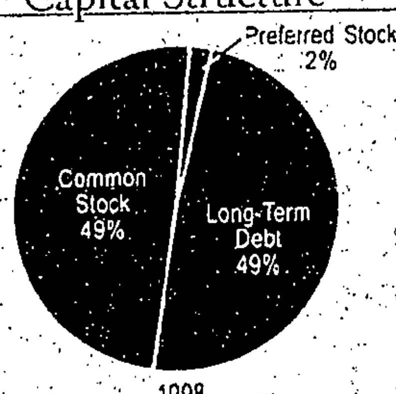
Operating Data

	1998	1997	1996
Electric Distribution and Sales (MWH)	1,540,968	1,491,103	1,532,015
Electric Customers (Year-End)	92,495	91,942	89,865
Firm Gas Sales (000's of Therms)	22,027	23,716	24,508
Gas Customers (Year-End)	14,915	14,943	14,848
Number of Employees	324	334	326

Earnings/Dividends Per Share



Capital Structure

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60
30

FOCUS on shareholders

Dear Fellow Shareholders of Unitil

1998 was an unprecedented year of change for the utility industry. In the wake of pacesetter states like California, Massachusetts and New Hampshire, several more states enacted restructuring legislation. Utilities sold billions of dollars of power-generating assets. Industry consolidation accelerated, particularly in the Northeast, and for the first time, foreign companies proposed to buy United States utilities.

Focus is crucial in this new environment. Most companies have fancy mission statements and thick strategic plans. But the difference between success and failure isn't so much the plan, as it is the discipline and focus of management to work the plan, day in and day out. Pick a strategy and stick to it.

In addition to a single-minded focus, we believe in the need to challenge conventional wisdom. Unitil often has been unconventional. We were one of the first utilities to eschew owning generation in favor of buying a portfolio of energy on the open market. The result: Unitil customers have enjoyed the lowest price increases in the region over the last 10 years.

We believe in the benefits to consumers of retail competition. Accordingly, Unitil was one of the first and strongest voices to call for customer choice and open competitive energy markets.

We also challenge the notion that size and scale are the sole defining characteristics of the new utility industry. Today Unitil has the lowest per customer distribution costs in the region, well below that of companies many times our size. We believe customers will seek alternatives to the mega company, as they have in banking and telecommunications. Small banks, for example, are one of the fastest growing business segments in New England. As our $200 billion industry gets restructured, we believe small aggressive utilities can capitalize on new opportunities created by consumers' growing desire for personal and local service.

FOCUS on transition

Last year was the year for planning and strategizing. We expected it to be a transition year. We were half right – our transition will continue in 1999.

Our primary focus was to resolve industry restructuring. We succeeded in Massachusetts, but fell short in New Hampshire. Nevertheless, in the process, we have prepared your Company to capitalize on accelerating growth opportunities in a post-restructured industry.

Our Massachusetts electric restructuring plan allows Unitil to recover 100% of our stranded costs. In return, we have agreed to sell the generating assets and purchased power contracts of our Massachusetts operating subsidiary and to reduce our rates by 15%, as required by legislation. Our electric rates in Massachusetts remain about average.

However, our gas rates continue to be in the lowest quartile, even after our recently approved gas base rate increase – the first such increase in over 14 years. We are well-positioned for the gas industry restructuring which will take place in Massachusetts in 1999.

In New Hampshire, in an effort to resolve the continuing litigation over electric industry restructuring, we proposed a voluntary settlement. Our proposal had the backing of a broad coalition of business and consumer groups and regulatory staff. Ultimately, the New Hampshire Public Utilities Commission attached conditions which made the settlement unacceptable, and we halted the process.

We are disappointed that the Commission did not approve the settlement, which we believe would have created a free and fair competitive market for our customers, while providing the financial base necessary for the Company to complete the transition. The result was puzzling, since Unitil's rates are one-third below the statewide average. Rates in January 1999 are 13% lower than in January 1998.

We did succeed, however, in significantly raising the public profile of the positive benefits we provide our customers.

We are confident that we will achieve a superior alternative resolution by the end of this year, leading to stable rates, 100% recovery of our costs, and free and fair retail competition.

FOCUS on earnings

For the year, we earned $1.77 per share, compared to $1.80 per share in 1997. We see this as a significant achievement. In Massachusetts, we absorbed both the cost of mandated electric rate reductions and the loss of gas earnings, due to the warmest winter on record. This is a good result for a difficult transition year, but we know it won't cut it in the years ahead.

Our total return to you, our owners, was about 11%, based on a year-end 1998 closing share price of $25⅞. Moreover, several of the financial ratios we track indicate that Unitil's financial condition is very solid.

Our 1998 financial results included:

- A return on equity of 10.9% – at the industry median.
- An equity capitalization ratio of 51% – above the industry average.
- 2.7 times interest coverage – the industry average.
- A dividend payout of 77% – slightly above the industry average.

Also in 1998, we tried to live by the motto, "Organizations don't change, people change." To get ready for the new industry that is dawning, all Unitil employees participated in a three-day residential "Learnings Unlimited" focus program. You can read about the inspiring results in the following pages.

Each employee now knows the challenges facing us. Each one knows how he or she can contribute directly to our future success. Our customers and other stakeholders who observed or participated in the focus sessions told us Unitil is unlike any other utility they know. We know we are. We are ready.

FOCUS on the future

The fundamental challenge for the utility industry is how to grow earnings per share in a mature industry. Each company is competing for a bigger slice of a slow-growing pie. The trick is to grow without taking undue financial risk.

Each segment of the restructured industry has a different earnings potential and risk profile. Many of the larger utilities have gone overseas to increase earnings, with mixed results. In the energy services business, as well, profitability has proved elusive. I believe this backdrop of unsuccessful strategies largely explains the recent spate of utility mergers.

I don't reject the theoretical efficiencies of merging utility operations. However, I am sobered by the studies that show two-thirds of all mergers in all industries do not deliver the promised benefits. I also believe technology will negate some of the advantages of bigness. In most industries, the smaller participants usually produce the superior financial returns. Time will tell.

The Unitil mission statement concludes with the words, "No bull. No bunk. No kidding. Just results." Our focus for the future is single-minded – to grow earnings per share by 8% to 10% per year. This rate is equivalent to the long-term S&P 500 historical earnings growth rate. Our flag is in the sand.

We will pursue this goal by helping customers get the best deal possible to meet their energy needs. Lots of utilities talk about customer focus. At a small company like Unitil, the CEO can personally visit every major customer. In customer service, we aim to become a standard to be measured by.

Our historical earnings growth rate has been an average of 4% to 6%. This fact demonstrates that our core distribution business, alone, can't deliver the required new growth. We must find new ways to grow earnings. Let me give some examples.

One: We are involved in a strategic relationship with a privately held start-up company that has developed an Internet based electronic auction system for the sale of gas and electricity, and we have licensed their technology. Customers and suppliers like the system because of its user friendliness and significant energy savings. This system allows your Company to represent the customer in the marketplace, without taking the significant financial risk of owning the physical energy commodity. We have already begun marketing this service. Theoretically we could use it anywhere in the country. We firmly believe this is the way gas and electricity will be sold in the future.

Two: Public power generates almost a quarter of the nation's electricity. There are more than 2000 public power entities in the United States. Public power serves 500,000 customers in New England. Coming from this segment of the industry, I respect its capabilities and its customer focus. I believe there is a significant opportunity to partner with pub-

(Continued on page 8)

Unitil Board of Directors
(Key on page 55)

lic power organizations. In doing so, we can realize the benefits of scale and provide additional channels to customers. Private companies have developed this niche market in the public water sector; the promise is there for the public power sector, too.

Three: New England is rapidly increasing its use of natural gas. Major pipelines under construction will bring more supply into the region. Customers are asking for service. Our Massachusetts combination gas and electric distribution operations company has a gas franchise with unrealized potential. We will complete the necessary assessments this year to determine its expansion potential.

All these new strategies are geared toward bottom line earnings growth. Because of the above, and other ideas we are working on, our major challenge will not be the lack of developing new opportunities, but picking those which best capitalize on our core talents. We will scrupulously evaluate the best way to maximize shareholder value in any opportunities we consider.

FOCUS on results

Our primary goal is consistent growth in earnings per share, and we have developed specific measures to gauge how we are performing. Over the next five years, we will also measure, among other things:

- Employee perception of Unitil as a high-performance work culture. This measure balances the earnings per share at "all costs" mentality. On a scale of 0 to 6, we are at "4.0" right now.
- Generating 20% of our earnings from energy products and services.
- Achieving total gas and electric costs in the first quartile among the lowest-cost providers in the New England region.
- Customer loyalty defined as "good or excellent" in our customer survey results. Most utilities include the "acceptable" response as indicating customer satisfaction. For Unitil, "acceptable" performance doesn't get it done, anymore.

We have tied management and employee incentive compensation to the achievement of these goals. The bar has been raised significantly – we will have to earn these payouts.

We continue to strengthen our corporate governance procedures and transition Board membership. I salute our three retiring Directors – William W. Treat, Charles H. Tenney II, and Douglas K. Macdonald – for the committed service they provided your Company. They will be hard to replace. Their proposed successors are CEO's from competitive industries, including one whose firm is also a major customer of Unitil.

I also want to salute our employees. They have risen to the occasion time and again. They have earned us our reputation as an excellent and innovative utility.

Your Company is financially sound. We have a detailed game plan in place. As the key to our success, we have decided to place ourselves firmly on the side of the customer. We are capitalizing on our core strengths and avoiding the untried and unproven. Neither are we hiding behind some vague notion of value creation. We have set robust performance expectations, designed specifically to increase your return. We will continue to do the unconventional and unexpected.

I am having immense fun leading your Company. I thank you for the privilege.

Robert G. Schoenberger

Robert G. Schoenberger
Chairman of the Board of Directors
& Chief Executive Officer

March 3, 1999

in FOCUS

FOCUS on a common goal

Who was it that said, "Half this game is ninety percent mental"? We probably remember, because the words are meaningful, the man is colorful, and his teams won pennants in both major leagues. It was baseball legend Yogi Berra. What was he talking about? Alertness, commitment, and focus.

Benjamin Franklin, statesman, diplomat, and inventor, addressed the same concept: "The secret of success is constancy of purpose." Industrialist Henry Ford also spoke of unflagging commitment when he wrote, "Obstacles are those frightful things you see when you take your eyes off your goal."

The wisdom of their words has impact to this day, but perhaps not so significant an impact for us as these words: "Try a new idea three times: first time to get over the fear of it, second time to learn how to do it, and third time to see if you like it." The author isn't as well-known as Ben Franklin, but the words have measurable benefit. They were written by a Unitil employee, and they reflect the way this single person is doing his job, right now, in this Company.

It was also a Unitil employee who wrote: "Be accountable for every area of your life. Look to what you can improve." Another said, "People do a better job when they know they are appreciated." One wrote, "Learn to relinquish the lead in order to get to the objective." Another, "Be a willing listener to advice and new ideas." And still another wrote, "At least once a day, I will make a decision about something that has been sitting on my desk and I will complete the task."

POOR ORIGINAL

Have we all turned into philosophers? No, but we have all gone through a series of intensive, high-energy, hard-working, focus sessions, and these are some of the things we learned there. We call them "learnings." They are helping our Company to do what Berra and Franklin and Ford thought was critical to success in their own endeavors — focus.

Unitil's mission is to set the standard as an entrepreneurial Company in the energy industry in New England. That means we have to be faster, better, more flexible.

To get to that place, we first need to change the way we think and then change the way we act. So early last year, we established a cross-functional team of employees under the leadership of Unitil President Michael Dalton - the "Change Management Team." In April, the team began its work by focussing on leadership and guiding us in the development of core leadership principles.

Later in the summer, the Change Management Team helped roll out a major "FOCUS" program for all 324 employees. Through a series of three-day focus sessions, the program helped us all find new ways to get work done, and it brought the Unitil mission deeper into the organization. It gave us the time to become clear on what our mission is, and intensely focused on our common goals.

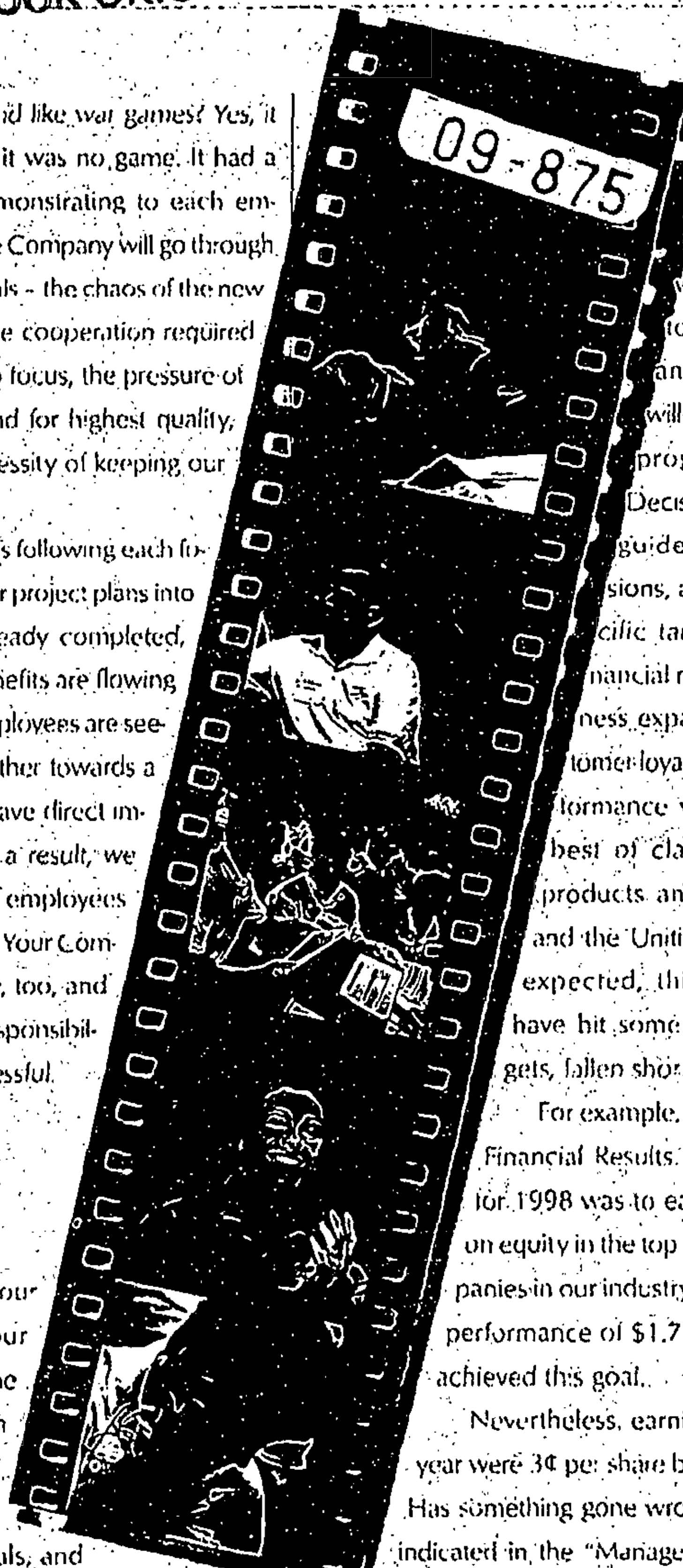
We focused:

Our "learnings" are the evidence. As the focus sessions continued and each employee more fully understood the role we will play in the continuing success of our Company, the learnings began to flow — more than 50 of them from each employee. By the end of the fifth and final focus session, 17,000 learnings were on file — 17,000 ideas we had thought of, or seen, or heard that we believe will contribute to the accomplishment of Unitil's strategic objectives. We have signed on — adopted the corporate mission as our own. We share a common goal.

Another product of our focus was "projects." To learn to move quickly in developing and delivering good ideas, each focus team of eight was required to conceive, organize, plan, and present to senior management a project designed to produce cost savings or additional revenue for Unitil. Motivated by the fact that, for 1998, a savings of $65,000 would produce a 1¢ increase in earnings per share, all 324 of us invested three days, and produced 39 projects.

Does all this sound like war games? Yes, it was an exercise, but it was no game. It had a serious purpose, demonstrating to each employee the process the Company will go through to accomplish our goals – the chaos of the new and the unfamiliar, the cooperation required to bring a project into focus, the pressure of deadlines, the demand for highest quality, and the absolute necessity of keeping our eyes on the goal.

Over the six weeks following each focus session, we put our project plans into action. Many are already completed, and their financial benefits are flowing to the bottom line. Employees are seeing that working together towards a common goal does have direct impact on earnings. As a result, we are thinking less like employees and more like owners. Your Company is our Company, too, and each of us is taking responsibility for making it successful.



FOCUS on performance

We are certain that our intense focus on our mission and goals is the right path to long term shareholder value. All our employees are well aware of our goals, and most have shown genuine enthusiasm for getting there. We have also focused on seven "Decision Drivers," so we all know how we are going to proceed and how we will measure our progress. The Decision Drivers guide our decisions, and set specific targets for financial results, business expansion, customer loyalty, high-performance work force, best of class, quality products and services, and the Unitil image. As expected, this year we have hit some of the targets, fallen short of others.

For example, Driver #1 is Financial Results. Our target for 1998 was to earn a return on equity in the top half of companies in our industry. Our 1998 performance of $1.77 per share achieved this goal.

Nevertheless, earnings for the year were 3¢ per share below 1997. Has something gone wrong? No. As indicated in the "Management's Discussion and Analysis" section (beginning on page 20) of this Report, many factors af-

fected earnings, including the impact of electric restructuring in Massachusetts and the impact of the warmest heating season on record.

However, earnings were remarkably strong in light of these obstacles, and the underlying principles are stronger than ever. Because of our focus on our mission, we remain well-positioned to profit from restructuring and competition. We are a low-cost utility. We enjoy a generally favorable customer perception. Our stranded costs are manageable. We are financially sound. Our employees are committed to success.

One of the Decision Drivers that surpassed its 1998 goal was Driver #4 – "High-Performance Work Force." Our mission here is to be a results-driven Company. Accordingly, our behaviors must reflect a commitment to excellence. We must recognize that our willingness to communicate and to support one another is central to our success. We must continuously learn, and improve on what we do. Then our employees will be loyal, because we provide a work environment which rewards both individual and team achievement; encourages teamwork and empowerment; fosters open and honest communication; and values mutual respect and ethical business practices.

We are measuring our success by means of a Cultural Index drawn twice a year from a formal, anonymous survey of all employees. The Index gauges our progress in the areas of achievement, empowerment, teamwork, respect, communication, ethical practice, and many other dimensions of employee interaction. With a possible top score in each category of "6," it was clear we had a long way to go when our January 1998 survey produced an average score of only "2.9."

Soon after we took that first survey, all our managers participated in drawing up a concise list of our Company's Core Leadership Principles. We published the principles. Our managers and executives signed them. Every employee got a pocket-size copy of them, and we began to live by them on the job.

Then, during the year, each employee attended one of our three-day focus sessions. The corporate culture began to evolve from lackluster to confident to enthusiastic. The November 1998 survey showed an average score of 4.0, well exceeding the year's goal for "High-Performance Work Force."

There is further motivation for high performance. In 1999, for the first time in Unitil's history, employee compensation – not just executive compensation – will be pegged to our financial performance. Rewards will be linked directly to the achievement of our mission. To promote our focus on earnings growth, the new incentive plan links earnings per share to bonus payments for all employees. The goal won't be easy to reach; in order for any incentive to be paid, our Company must measurably outperform the 1998 level of earnings.

The beauty of the plan is that it offers encouragement in the form of cash incentives for people who help the Company meet its goals. Just as employees are seeing that their extra effort flows right to the bottom line, they now will have an opportunity to enjoy some of the fruits of their own success.

FOCUS on accomplishment

Out of our focus on the mission has come our Strategic Plan for 1999-2001. The plan was approved by the Board of Directors on January 19, 1999. The key to our success continues to be simple and straightforward: Stick to what we know.

There are seven strategies in the Strategic Plan. First is growth of the Company's distribution business. We are doing business in a vibrant economy and in a geographic area that is attracting many new residents and businesses. We will look for opportunities to expand our sales of gas and electricity to this growing market. At the same time, we will continue to seek a good fit between Unitil and other like-minded entrepreneurial companies to meet our mission objectives.

Second, we will develop energy products and services to meet customers' needs, save them money or improve their lives or their business operations. We will begin with tried-and-true products. For 1999, we have revitalized a water heater rental program in Massachusetts. We expect to expand the program into New Hampshire later in the year. By the end of the year 2001, our target is to offer an array of products and services, and to generate 20% of our earnings from these sources.

The third strategy is growth of our natural gas service in the Fitchburg, Massachusetts area. We have launched a feasibility study, and we expect the results by mid-year. In the meanwhile, the sales effort in natural gas continues to be brisk.

Our fourth strategy involves municipal and government markets. There are half a million customers of public utilities in New England. We are exploring several business models to see if there is a profitable business for Unitil in providing distribution system management and other services to municipal electric systems.

Fifth is energy procurement and marketing. Unitil is well-known in our region for our expertise in purchasing energy on the open market. We see energy trading and services as a market opportunity to be pursued, and are seeking ways to expand this facet of our business.

The sixth component is cost savings and revenue enhancements. Our objective is for this strategy to achieve a growing contribution to earnings in each year. Two significant initiatives begun in 1998 will be continued.

First, we have identified 26 areas that could produce savings or earnings benefits. Nine have led to projects that are already completed, five are continuing into 1999, and the remaining need further study.

Second, the projects from our employee focus sessions are beginning to generate savings, economies, incremental revenues, and other intangible benefits. Of the 39 projects proposed, 17 are completed; the remainder will continue into 1999.

The seventh strategy is restructuring. Its impact on the future of our Company is so big, that it deserves extra consideration. Unitil's mission — the object of our intense focus — has become the cornerstone principle to take us through the complexities of restructuring. Our decisions and strategies all cycle back to our statement of mission. It is the definitive expression of where we are going.

In accordance with the mission, our strategy for restructuring is designed to preserve our financial base, ensure continued excellent operations, and implement new initiatives to grow both the Company and the financial return to shareholders. Our restructuring plans in Massachusetts and New Hampshire have been true to this goal, albeit with mixed results.

Massachusetts: In 1997, on New Year's Eve, five weeks after the passing of electric restructuring legislation in Massachusetts, we filed our Electric Restructuring Plan. The changes to systems and procedures necessary to implement the plan were enormous, but were successfully completed only eight weeks later. In just over a year – on January 15, 1999 – the Massachusetts Department of Telecommunications and Energy gave our plan its final approval.

Consistent with the legislation and our

POOR ORIGINAL

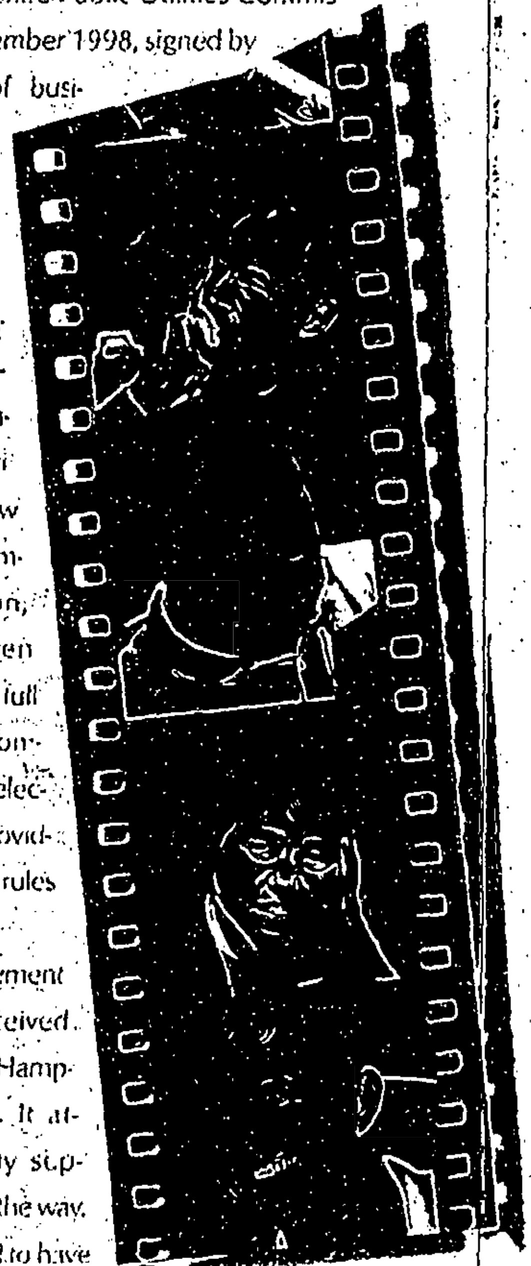
commitment to deliver substantial benefits to all our customers, the plan includes a cumulative 15% rate reduction and enables choice of electric energy supplier. It also ensures that electric service is available to all customers at the lowest possible cost, with specific rate discounts for eligible low-income customers.

In Massachusetts, keeping our focus has led to final approval and execution of our electric restructuring plan. Gas unbundling is hard on the heels of electric restructuring; we expect it to be operational in the fourth quarter of 1999.

New Hampshire: In New Hampshire, half the game has truly been ninety percent mental. Maintaining our focus has been critical to reaching our ultimate goal, as the legal and political pressure to compromise on issues essential to our mission has been fierce. One electric distribution company has implemented a restructuring agreement which offers its customers little or no benefit from competition. There is pressure on Unitil to do the same. However, a long-term delay in the introduction of true competition is out of line with our mission, and we will not follow this path.

We have supported the New Hampshire restructuring process from the outset. Nevertheless, it has been mired in legal delays and political wrangling. We had to drive hard to secure agreement with the key parties, and it took many months of intense negotiation to produce a comprehensive settlement.

We filed our voluntary settlement with the New Hampshire Public Utilities Commission in September 1998, signed by a coalition of business leaders, energy suppliers, consumer advocates, and regulatory staff. It included provisions for low rates, consumer education, market-driven pricing, and full and open competition for electric energy providers under fair rules of conduct.



The settlement was well received by the New Hampshire public. It attracted many supporters along the way, and appeared to have opened the door for retail electric competition and customer choice in New Hampshire.

Such was not to be the case. The Public Utilities Commission, in its review of the settlement, imposed conditions inconsistent with our mission. Accordingly, on November 24, 1998, we halted the settlement process. Do we count this as a failure? No. We measure our success in each endeavor by its faithfulness to the mission. The objective has not changed. In New Hampshire, we will just have to follow another path.

We continue to be the low-price leader among electric utilities, and will maintain an unfaltering commitment to our principles. Our New Hampshire customers now benefit from additional power supply cost savings, with rates in January 1999 an average of 13% lower than January 1998. They can be assured that the benefits we seek for them through competition and choice will be theirs in time. We know where we are going, and we have never taken our eyes off our goal.

FOCUS on the Unitil mission

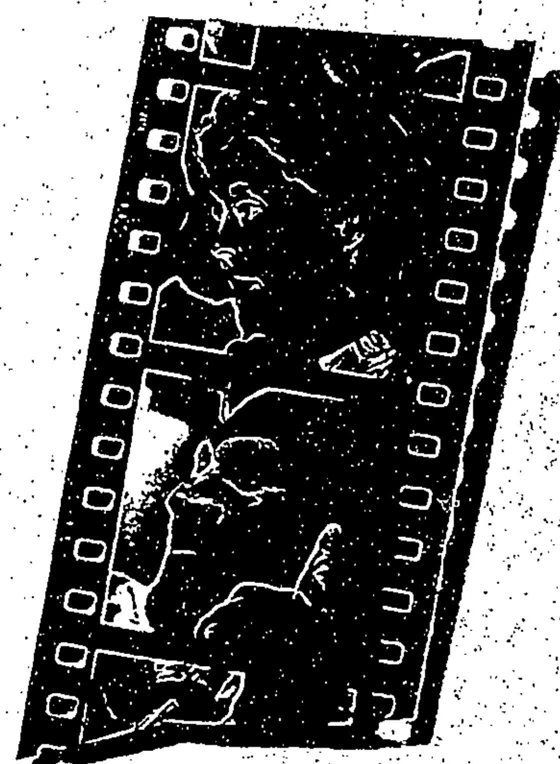
The key to our focus is the Unitil Mission. It is our rallying cry. It is the flag we will fly to guide our plans and decisions.

The Mission contains these words that describe how we want to be: "Fast. Flexible. Innovative. Creative." It also reminds us that we must "set the standard as an entrepreneurial Company" and "go the extra mile to satisfy our customers."

We are committed to being "a leader in providing customers with simple, no-hassle, competitively priced energy products and services to meet their needs." We will also be "a leader in the innovative and efficient management of a growing level of distribution assets to meet customers' delivery service needs." And, as we move forward, we will "seek opportunities to partner with other like-minded entrepreneurial companies to meet our business objectives."

These goals all require that we "change the way we think and act and measure ourselves to do business to achieve these results." The challenge is before us. We know where we want to go. We are in focus.

Unitil: No bull. No bunk. No kidding. Just results.



FINANCIAL information

MANAGEMENT'S DISCUSSION
& analysis of financial condition & results of operations

Financial Highlights – 1998

1998 was a year of significant changes for the electric and gas utility operations of Unitil Corporation ("Unitil" or the "Company") in the state of Massachusetts. Changes in the Massachusetts regulatory environment had a major impact on the Company's financial position at December 31, 1998, and those regulatory changes have created a new definition of utility operations at Unitil's Massachusetts subsidiary, Fitchburg Gas and Electric Light Company ("FG&E"), on a going-forward basis.

As discussed below, several major events shaped our financial position and results of operations in 1998. Electric utility industry restructuring was implemented in Massachusetts with a 10% rate reduction effective March 1, 1998. Under FG&E's restructuring plan (the "Plan"), which received final approval on January 15, 1999, FG&E will complete the auction of its electric generation and power supply portfolio and will receive 100% recovery of its stranded costs.

FG&E also was granted its first Gas Base Rate adjustment in 14 years, an annual increase of approximately $1 million or 7%, effective December 1, 1998. Even after the increase, FG&E's gas rates are among the lowest in Massachusetts. Also, on November 1, 1998, Gas utility industry bills were "unbundled" in Massachusetts, and, based on an order issued by the Massachusetts Department of Telecommunications and Energy (MDTE) on February 1, 1999, FG&E expects to begin transitioning out of the gas merchant function for gas supply under a multi-year phase-in of a restructured natural gas industry in Massachusetts.

Finally, the early 1998 record-setting weather conditions (the warmest winter in at least 103 years) had a negative impact on the Company's financial results, due to lower gas and electric sales in the first quarter of 1998.

Unitil Receives Final Order on FG&E's Electric Restructuring Plan in Massachusetts
(Subsequent Event)

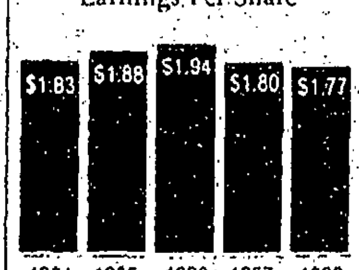
On January 15, 1999, the MDTE issued an order (the "Order") approving FG&E's Electric Restructuring Plan with certain modifications. Electric utility industry restructuring in Massachusetts became effective on March 1, 1998, ("Choice Date"). On that date, FG&E implemented open retail access under its Plan, and all of FG&E's customers gained the right to choose their electricity supplier. Regardless of the supplier chosen, FG&E will continue to deliver electricity to all of its customers within its distribution system, which remains a regulated business. On Choice Date, FG&E's customers received discount. Since Choice Date, FG&E has been authorized to earn a lower return on its generation-related investments. FG&E is required to provide an additional 5% discount upon the earlier of completion of its divestiture of generation investments or September 1, 1999.

FG&E has been allowed recovery of its restructuring transition costs, estimated at $140 million, including its above-market or stranded generation and power supply-related costs, via a non-bypassable uniform Transition Charge. Estimated Regulatory Assets, based upon the Transition Charges to be collected according to the Plan, have been recorded together with the recognition of certain liabilities related to power supply contracts and generation assets. FG&E's estimate, based on the competitive bidding process, of the above-market portion of its power supply contract obligations is approximately $129 million. The net book value of its investment in other generation assets, principally investments in Joint Owned generation facilities, is approximately $11 million. Also, as a result of the competitive bidding process, FG&E expects to receive approximately $5 million in proceeds from the disposition of its investment in a Joint Owned generation facility. Deferred Tax Assets and Liabilities related to the adjustments, above, are reflected in the Company's Balance Sheet.

Earnings & Dividends

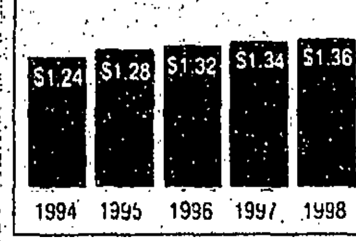
Net income for 1998 was $8.0 million, slightly above 1997 earnings. Lower interest expense, lower operating expenses, and a lower effective income tax rate contributed positively to the Company's earnings performance. Sales revenues in 1998 were comparable to 1997, as system growth was offset by a mild winter heating season.

Earnings Per Share



Basic earnings per average common share were $1.77 for the year ended December 31, 1998, compared to $1.80 and $1.94 for 1997 and 1996, respectively. The decrease in 1998 from 1997, on a per share basis, is attributable to higher common shares outstanding in 1998, which were issued through the Company's Dividend Reinvestment and Stock Purchase plans (see Capital Requirements and Liquidity and Note 2). Diluted earnings per share were $1.72, $1.76 and $1.89 for 1998, 1997 and 1996, respectively. The average return on common equity was 10.9%, 11.4%, and 12.8% in 1998, 1997, and 1996, respectively.

Dividends Per Share



Unitil's common stock dividends in 1998 were $1.36 per share, an increase of 1.5% over 1997's annual dividend of $1.34 per share. This annual dividend of $1.36 in 1998 resulted in a payout ratio of 77%. At its January 1999 meeting, the Unitil Board of Directors increased the quarterly dividend rate by an additional 1.5%, resulting in the current effective annualized dividend of $1.38 per share.

Operating Revenues – Electric

Unit (KWH) Sales – Unitil's total electric kilowatt-hour sales increased by 3.3% in 1998 compared to 1997, primarily due to system growth and increased activity of a major industrial customer, offset by the milder winter weather in early 1998. The 1998 winter heating season was 16% warmer than normal and 7% warmer than the same period in 1997.

Sales to residential customers increased by 1.4% in 1998 compared to 1997, and were 2.7% higher than 1996 sales. These energy sales increases are due to the expansion of our residential customer base within our service territories and overall healthy regional economic conditions.

Commercial and industrial sales of electricity in 1998 were boosted by the resumption of operations of a major industrial customer which had been curtailed through the first quarter of 1998. Electric energy sales to all commercial and industrial customers were up 4.4% in 1998, due to a strong economy and the fact that the major customer mentioned above had curtailed operations for all of 1997. 1998 commercial and industrial sales are lower by 0.6% compared to 1996, as the major customer mentioned above was in full operation for most of 1996.

The following table details total kilowatt-hour sales for the last three years by major customer class:

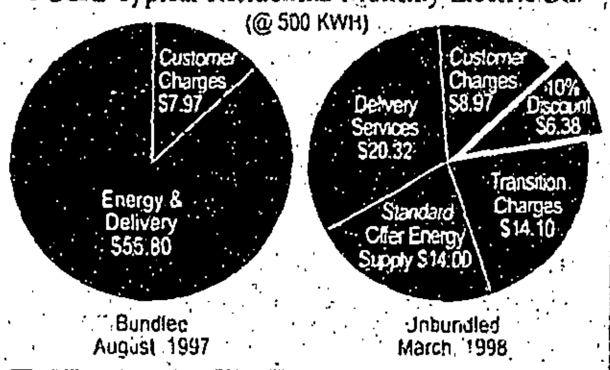
KWH Sales (000's)

	1998	1997	1996
Residential	541,492	533,907	527,107
Commercial	415,482	400,760	396,475
Industrial	583,994	556,436	608,433
Total KWH Sales	1,540,968	1,491,103	1,532,015

Electric utility rates before and after industry restructuring in Massachusetts show the significant change in the way the Company's combined electric and gas utility, FG&E, provides electric utility service to its customers. Prior to March 1, 1998, FG&E provided all of its customers with "bundled" electric service that reflected its obligation to provide energy supply and the delivery of that energy to and across its system.

After March 1, 1998, FG&E "unbundled" its prices for energy supply, transmission and distribution (or delivery services), and for the first time allowed customers to choose an alternative energy supplier from the competitive market. FG&E will continue to provide for the delivery of all energy supply across its system. Customers' monthly bills, after March 1, reflect these unbundled prices and individually display energy supply, Transition Charges, delivery, and other related services.

FG&E Typical Residential Monthly Electric Bill (@ 500 KWH)



As part of the transition to the new market structure, FG&E will offer Standard Offer Service ("SOS") to its customers who elect not to choose a competitive energy supplier, for up to 7 years. FG&E has contracted with an energy supplier to provide SOS to its customers at no profit to FG&E. One of the purposes of this service is to give customers a power supply price from which they can measure competitive offers before they are ready to enter the competitive market.

Two other important features of FG&E's unbundled rates are: 1) the Transition Charge component of the bill, which is designed to recover FG&E's *transition costs* resulting from restructuring over approximately 12 years, and 2) the provision of a total rate discount of 10%. FG&E will provide an additional 5% discount upon the earlier of completion of its divestiture of generation investments or September 1, 1999.

Electric Operating Revenue decreased by $0.3 million, or 0.2%, in 1998 compared to 1997. The impact of higher sales volume across all customer classes was offset by lower electric rates, due to the 10% discount mandated in Massachusetts and overall lower energy supply prices. Energy supply costs are normally collected from customers through periodic cost recovery adjustment mechanisms. Changes in energy supply prices do not affect net income, as they normally mirror corresponding changes in energy supply costs.

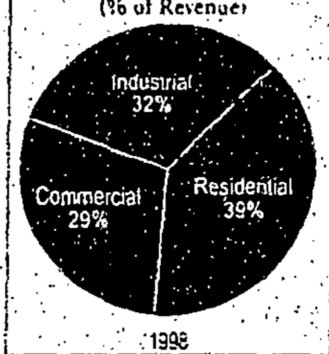
Electric Operating Revenue (000's)

	1998	1997	1996
Residential	$57,242	$57,947	$57,124
Commercial	44,122	44,170	44,076
Industrial	48,275	47,856	48,496
Total Operating Revenue	$149,639	$149,973	$149,696

Operating Revenues – Gas

Unit (Therm) Sales – Total firm therm gas sales decreased 7.1% in 1998 when compared to 1997.

Electric & Gas Customer Mix (% of Revenue)



The decrease in sales is primarily attributable to the mild winter heating season, which was the warmest in the 103 years such data has been kept. Sales to residential and commercial customers, which are most sensitive to weather, decreased by 10.6% and 7.0%, respectively, while sales to industrial customers were up by 3.9%. Total firm therm sales decreased 10.1% in the two-year period from 1996 to 1998, as the winter heating season in 1996 was significantly colder than in 1998.

The following table details total firm therm gas sales for the last three years, by major customer class:

Firm Therm Gas Sales (000's)

	1998	1997	1996
Residential	11,656	13,038	13,835
Commercial	6,162	6,628	6,728
Industrial	4,209	4,050	3,945
Total Therm Sales	22,027	23,716	24,508

Gas Operating Revenues, which represent approximately 10% of Unitil's total operating revenues, decreased by $2.7 million, or 13.8%, in 1998 compared to 1997. This decrease is primarily attributable to the decrease in firm therm gas sales related to weather, as discussed above. In December 1998, FG&E concluded its gas base rate case, which resulted in a rate increase of approximately 7.0%. Concurrent with the rate increase, FG&E "unbundled" its gas bills, showing a separate itemization of all delivery service charges, as well as supplier service charges. This will allow customers to compare their current gas supply rates against offers they receive from competitive suppliers, once competition begins in 1999 (see Regulatory Matters).

Gas Operating Revenue (000's)

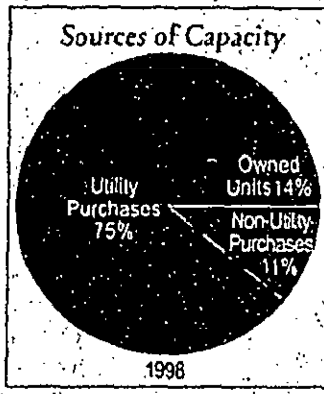
	1998	1997	1996
Residential	$8,581	$10,179	$10,654
Commercial	4,140	4,784	4,781
Industrial	4,288	4,766	5,670
Total Operating Revenue	$17,009	$19,729	$21,105

Operating Revenues – Other

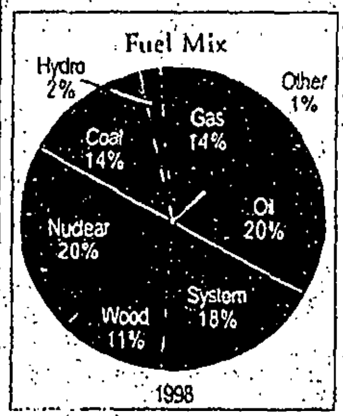
Other Revenue declined from $36,000 in 1997 to $30,000 in 1998. The decrease in Other Revenue from $45,000 in 1996 is the result of the termination of an administrative services agreement between Unitil Resources, Inc. and a principal customer.

Operating Expenses

Fuel and Purchased Power expense is the cost of power supply, including fuel used in electric generation and the price of wholesale energy and capacity, that meets Unitil's electric energy requirements. Fuel and purchased power expenses (normally recoverable from customers through periodic cost recovery adjustment mechanisms) decreased $1.4 million, or 1.4% in 1998 compared to 1997.



The change reflects a decrease in wholesale power prices offset by an increase in the Company's total energy requirements in 1998. The combined power supply portfolio of Unitil is comprised of a variety of resources. For 1998, the portfolio was comprised of: 14% owned generation; 75% purchased power from utilities; and 11% purchased power from non-utility generators.



The Company anticipates that power supply-related costs and corresponding revenues will decline in future years, as customers choose alternate competitive energy suppliers under a restructured electric utility industry.

Gas Purchased for Resale reflects gas purchased and manufactured to supply the System's total gas energy requirements. Gas supply costs are recoverable from customers through the Cost of Gas Adjustment mechanism. Purchased gas costs decreased by approximately $2.2 million or 18.0% in 1998 as compared to 1997, reflecting a decrease in therms purchased in 1998 and lower wholesale gas prices in 1998. Gas purchased for resale decreased by $3.4 million, or 25.9% in the two-year period from 1996 to 1998, based on lower wholesale prices and a decrease in therms purchased due to warmer weather.

Under Order 636, the Federal Energy Regulatory Commission (FERC) has allowed gas pipeline suppliers to recover prudently incurred costs resulting from the transition into a deregulated environment. FG&E has been incurring FERC-approved transition charges from its natural gas pipeline supplier since 1992. Through the end of 1998, the amount of transition costs incurred by the Company totaled approximately $3.4 million. These costs are being recovered directly from gas customers through the Cost of Gas Adjustment mechanism. The Company does not expect to incur any additional transition costs in 1999.

Operation and Maintenance expense, which includes utility operating costs, Conservation and Load Management program expenditures and the Company's share of operating costs related to power production at the generation facilities in which the Company has a partial ownership interest, increased by approximately $0.1 million, or 0.4% in 1998 compared to 1997. The increase in Operation and Maintenance expenses compared to last year reflects higher administrative costs associated with filing and implementation of FG&E's restructuring plan and energy supply divestiture efforts. These additional expenses related to industry restructuring in Massachusetts are partially offset by revenues accrued to be recovered, in the future, upon divestiture of the energy supply portfolio, or through other rate cost reconciliation mechanisms.

In 1997, Operation and Maintenance expense decreased from 1996 by approximately $0.6 million, or 2.3%, due to lower distribution operating expenses partially offset by the higher costs of power production.

Depreciation, Amortization & Taxes

Depreciation and Amortization expense increased $0.8 million, or 9.0%, for 1998 over the prior year, due to the accelerated write-off of electric generating assets, in accordance with FG&E's restructuring plan.

Federal and State Income Taxes decreased in 1998 compared to 1997 by $0.5 million. This result reflects lower net income before taxes, as well as higher amortization of flow-through Investment Tax Credits in 1998.

Local Property and Other Taxes increased $0.3 million, or 5.0%, in 1998. This increase mainly reflects higher payroll taxes slightly offset by lower local property taxes. Local property and other taxes increased in 1997, compared to 1996, by 5.9%.

Non-Operating Expenses/Income

Non-Operating Expenses/Income in 1998 were relatively unchanged from 1997, as there was a continuation of community service programs throughout Unitil's service territory. In 1996, Non-Operating Income of $0.6 million reflects the one-time gain on the sale of the Company's former corporate headquarters.

Interest Expense

Interest Expense, Net decreased $0.3 million or 3.7% in 1998 from 1997, primarily reflecting an increase in accrued interest income associated with deferred rate recovery mechanisms and interest on refunds received from suppliers. Interest expense remained flat, as increased borrowing levels were offset by lower interest rates. The increase in interest expense for 1997 over 1996 was a result of higher interest rates and the construction financing of the Company's new corporate headquarters.

Capital Requirements & Liquidity

Unitil requires capital for the acquisition of property, plant and equipment, in order to improve, protect, maintain and expand its electric and gas distribution systems, and to improve customer service operations and capabilities. The capital necessary to meet these requirements is derived primarily from the Company's retained earnings and through the sale of shares of common stock through the Company's Dividend Reinvestment and Stock Purchase Plans. When internally-generated funds are not available, it is the Company's policy to borrow funds on a short-term basis to meet the capital requirements of its subsidiaries and, when necessary, to repay short-term debt through the issuance of permanent financing.

Cash Flows from Operating Activities decreased by $3.3 million in 1998, after increasing by $10.3 million in 1997.

The decrease in 1998 compared to 1997 was primarily due to higher working capital needs at the year-end Balance Sheet date, as a result of timing differences of payments on energy supply contracts, as well as increased refunds of customer deposits.

In 1997 compared to 1996, $8.3 million of the increase in operating cash flow was the result of a decrease in the timing difference (undercollection) between the payment on fuel, purchased power and purchased gas costs, and the corresponding recovery of these costs in revenue billed under periodic cost recovery mechanisms. The balance of the increase reflects other changes in the Company's working capital requirements as detailed in the Consolidated Statements of Cash Flows.

Operating Activities (000's)	1998	1997	1996
Cash Provided by Operating Activities	$13,215	$16,555	$6,260

Cash Flows Used in Investing Activities increased approximately $0.6 million in 1998, reflecting higher planned spending for utility customer and distribution system additions and improvements. The decrease of $4.6 million in 1997 compared to 1996 reflected spending, in 1996, for the construction of the Company's new corporate headquarters. The Company also received cash payments of $0.9 million from the State of New Hampshire in 1996, related to the eminent domain taking of is former corporate headquarters for a highway expansion project.

Investing Activities (000's)	1998	1997	1996
Cash Used in Investing Activities	$(14,463)	$(13,887)	$(18,484)

Cash Flows from Financing Activities increased by $6.2 million in 1998 compared to 1997. This increase reflects higher net borrowings of $6.1 million and increased common stock issued of $0.3 million, net of other items.

On September 3, 1998, Concord Electric Company (CECo) sold $10,000,000 of 30-year Series J First Mortgage Bonds at par to an institutional investor, bearing an interest rate of 6.96%. Proceeds were used to repay short-term indebtedness, incurred to fund CECo's ongoing construction program, and to redeem a higher coupon long-term debt issue prior to its maturity. The redemption of $4,550,000 was on the 9.43% Series H First Mortgage Bonds.

On September 3, 1998, Exeter & Hampton Electric Company (E&H) sold $10,000,000 of 30-year Series L First Mortgage Bonds at par to an institutional investor, bearing an interest rate of 6.96%. Proceeds were used to repay short-term indebtedness, incurred to fund E&H's ongoing construction program, and to redeem two higher coupon long-term debt issues prior to their maturity. The redemptions, which totaled $4,200,000, included $700,000 of 8.50% Series H First Mortgage Bonds, and $3,500,000 of 9.43% Series J First Mortgage Bonds.

Additional short-term borrowings were incurred, primarily to fund 1998 costs related to electric industry restructuring in Massachusetts that will be collected in future periods.

During 1998, the Company raised $1.0 million of additional common equity capital through the issuance of 43,862 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase plans. The Company raised $1.0 million of additional common equity capital in 1997 and $1.1 million of additional equity capital in 1996, through the issuance of 51,529 and 52,081 shares, respectively of common stock in connection with these plans. The Company also raised $566,000, $242,000, and $20,000 of additional common equity capital in 1998, 1997, and 1996, respectively, through the issuance of shares, as a result of the exercise of options granted under the Company's Key Employee Stock Option Plan (KESOP). The total number of shares issued under the KESOP in 1998, 1997 and 1996 were 66,951 shares, 28,222 shares and 2,400 shares, respectively.

The change from 1996 to 1997 reflects a decrease in borrowings, due to the repayment of short-term debt. Higher short-term borrowings in 1996 were primarily due to funding of the timing difference (undercollection) between payments on fuel, purchased power, and purchased gas costs and the corresponding recovery of these costs in revenue billed under periodic cost recovery mechanisms, as well as the construction financing of the Company's new corporate headquarters.

Financing Activities (000's)	1998	1997	1996
Cash From Financing Activities	$2,994	$(3,234)	$11,729

Subsequent Event – FG&E Financing

On January 26, 1999, FG&E sold $12,000,000 of long-term notes at par to institutional investors, bearing an interest rate of 7.37%. Proceeds were used to repay short-term indebtedness incurred to fund FG&E's ongoing construction programs.

Regulatory Matters

Restructuring and Competition – Regulatory activity surrounding restructuring and competition continues in both Massachusetts and New Hampshire. March 1, 1998, was "Choice Date," or the beginning of competition for all electric consumers in Massachusetts. New Hampshire's "Choice Date" slipped past both the proposed date of January 1, 1998, and the legislature's mandated date of July 1, 1998. Currently, approximately 10% of New Hampshire electric consumers can choose their electric supplier. The ability to choose for the remaining 90% is currently the subject of a federal court preliminary injunction (see below).

Massachusetts gas industry restructuring plans continue to be under development. The MDTE, gas utilities, and other stakeholders began a collaborative effort in late 1997 to develop solutions to the many issues that surround restructuring the local natural gas distribution business.

Unitil has been preparing for electric and gas industry restructuring by developing transition plans that will move its utility subsidiaries into this new market structure in a way that will ensure fairness in the treatment of the Company's assets and obligations that are dedicated to the current regulated franchises and, at the same time, provide choice for all customers.

Massachusetts (Electric) – On January 15, 1999, the MDTE gave final approval to FG&E's restructuring plan with certain modifications. The Plan provides customers with: a) a choice of energy supplier; b) an option to purchase Standard Offer Service (i.e. state-mandated energy service) provided by FG&E at regulated rates for up to seven years; and c) a cumulative 15% rate reduction. The Plan also provides for FG&E to divest generation assets and its portfolio of purchased power contracts. The Company will be afforded full recovery of any transition costs through a non-bypassable retail Transition Charge.

Pursuant to the Plan, on October 30, 1998, the Company filed with the MDTE a proposed contract with Constellation Power Services Inc. for provision of Standard Offer Service. The MDTE's January 15, 1999 Order approves the FG&E/Constellation contract, and service thereunder commenced on March 1, 1999, and is scheduled to continue through February 28, 2005. This contract is the result of the first successful Standard Offer auction conducted in Massachusetts.

The January 15 Order also approved the Company's power supply divestiture plan for its interest in three generating units and four long-term power supply contracts. A contract for the sale of FG&E's interest in the New Haven Harbor plant was filed with the MDTE on November 20, 1998. The MDTE's decision is pending. Contracts for the sale of the Company's remaining generating assets and purchased power contracts are expected to be filed with the MDTE in the near future. All such contracts are subject to MDTE approval.

Massachusetts (Gas) – In mid-1997, the MDTE directed all Massachusetts natural gas Local Distribution Companies (LDCs) to form a collaborative with other stakeholders to develop common principles and appropriate regulations for the unbundling of gas service, and directed FG&E and four other LDCs to file unbundled gas rates for its review. FG&E's unbundled gas rates were approved by the MDTE and implemented in November of 1998.

On July 2, 1998, the MDTE established April 1, 1999, as the date by which unbundled gas service would begin to be implemented by all LDCs. On February 1, 1999, the MDTE issued an order in which it determined that the LDCs would continue to have an obligation to provide gas supply and delivery services for another five years, with a review after three years. That order also set forth the MDTE's decision regarding release by LDCs of their pipeline capacity contracts to competitive marketers. In January of 1999, the LDCs reported to the MDTE that they were continuing to work to develop systems and practices to implement unbundling. The MDTE has not yet responded to the LDCs' report, and it appears unlikely that full implementation will be achieved by the April 1, 1999 target date.

New Hampshire – On February 28, 1997, the New Hampshire Public Utilities Commission (NHPUC) issued its Final Plan for transition to a competitive electric market in New Hampshire. A Unitil-specific order allowed CECo and E&H, Unitil's New Hampshire retail distribution utilities, to recover 100% of "stranded" costs for a two-year period, but excluded recovery of certain administrative-related charges.

Northeast Utilities' affiliate, Public Service Company of New Hampshire, appealed the NHPUC order in Federal District Court. A temporary restraining order was issued on March 10, 1997. In June 1997, Unitil was admitted as a Plaintiff Intervenor in the Federal Court proceeding. On June 9, 1998, the Federal Court issued an injunction continuing the freeze on NHPUC efforts to implement restructuring. Several parties have filed interlocutory appeals, and no date has been scheduled for a trial in the federal court. The Company will vigorously pursue its action in the federal court and simultaneously look for ways to resolve issues and bring forth choice to its retail customers.

In September of 1998, the Company reached a comprehensive restructuring settlement with key parties and filed this voluntary Agreement with the NHPUC. The Agreement was modified on October 20, 1998. In oral deliberations on November 2 and November 18, the NHPUC imposed conditions to approval of the Settlement which were unacceptable to the Company, and the Settlement was subsequently withdrawn. The component of the Agreement dealing with wholesale rates was filed with the FERC in September 1998, and approved by the FERC in early November, however implementation will not occur, as the changes were conditioned upon approval by the NHPUC. Unitil continues to participate actively in all proceedings and in several NHPUC-established working groups which will define details of the transition to competition and customer choice.

Rate Cases – The last formal regulatory hearings to increase base electric rates for Unitil's three retail operating subsidiaries occurred in 1985 for Concord Electric Company, 1984 for Fitchburg Gas and Electric Light Company, and 1981 for Exeter & Hampton Electric Company.

On May 15, 1998, FG&E filed a gas base rate case with the MDTE. After evidentiary hearings, the MDTE issued an Order allowing FG&E to establish new rates, effective November 30, 1998, that would produce an increase of approximately $1.0 million in annual gas revenues. However, as part of the proceeding, the Attorney General of the Commonwealth of Massachusetts alleged that FG&E had double-collected fuel inventory finance charges since 1987, and requested that the MDTE require FG&E to refund approximately $1.6 million to its customers. The Company believes that the Attorney General's claim is without merit and that a refund is not justified or warranted. The MDTE stated its intent to open a separate proceeding to investigate the Attorney General's claim.

A majority of the Company's operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, cost of gas, and energy efficiency program cost recovery mechanisms. Restructuring will continue to change the methods of how certain costs are recovered from customers and from suppliers. Transition Costs, Standard Offer Service and Default Service power supply costs, Internal and External Transmission service costs and Energy Efficiency and Renewable Energy program costs for FG&E are being recovered via fully reconciling rate adjustment mechanisms in Massachusetts.

Millstone Unit No. 3 – FG&E has a 0.217% non-operating ownership in the Millstone Unit No. 3 (Millstone 3) nuclear generating unit which supplies it with 2.49 megawatts (MW) of electric capacity. In January 1996, the Nuclear Regulatory Commission (NRC) placed Millstone 3 on its Watch List, which calls for increased NRC inspection attention. On March 30, 1996, as a result of an engineering evaluation completed by the operator, Northeast Utilities, Millstone 3 was taken out of service. NRC authorization for restart was given on June 29, 1998. Millstone 3 began producing electric power in early July 1998, and reached full output on July 15, 1998. The unit remains on the NRC's Watch List.

During the period that Millstone 3 was out of service, FG&E continued to incur its proportionate share of the unit's ongoing Operations and Maintenance (O&M) costs, and may incur additional O&M costs and capital expenditures to meet NRC requirements. FG&E also incurred costs to replace the power that was expected to be generated by the unit. During the outage, FG&E had been incurring approximately $35,000 per month in replacement power costs, and had been recovering those costs through its fuel adjustment clause, which will be subject to review and approval by the MDTE.

In August 1997, FG&E, in concert with other non-operating joint owners, filed a demand for arbitration in Connecticut and a lawsuit in Massachusetts, in an effort to recover costs associated with the extended unplanned shutdown. The arbitration and legal cases are proceeding.

Environmental Matters – In September 1998, FG&E signed a memorandum of understanding with the Massachusetts Highway Department and the Massachusetts Department of Environmental Protection that accommodates the construction of a new highway bridge across Sawyer Passway, the Company's former manufactured gas plant (MGP) site. This memorandum satisfies the requirements of the Massachusetts Contingency Plan for temporary closure at this last remaining portion of the site. Specifically, this agreement allows for current FG&E efforts to perform remediation work required as a result of bridge construction. Upon completion of site remediation associated with the bridge construction, this last remaining portion of the Sawyer Passway MGP site is expected be closed out and attain the status of temporary closure in late 1999. This temporary closure allows FG&E to monitor the site every five years to determine if a more feasible remediation alternative can be developed and achieved.

The costs of remedial action at this site are initially funded from traditional sources of capital and recovered from customers under a rate recovery mechanism approved by the MDTE. The Company also has a number of liability insurance policies that may provide coverage for environmental remediation at this site.

Market Risk – Although Unitil's utility operating companies are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of fuel and gas costs in rates. Consequently, there is limited commodity price risk after consideration of the related rate-making. As the utility industry deregulates, the Company will be divesting its commodity-related energy businesses and therefore will be further reducing its exposure to commodity-related risk.

Year 2000 Software Compliance Discussion

The Company recognizes the need to ensure its operations are not adversely affected by software or device failures related to the Year 2000 date recognition problem, (the "Y2K Issues"). Specifically, Y2K Issues would arise when software applications or devices with embedded chips fail to correctly recognize and process the year 2000 and beyond. Certain software applications and devices are certified to recognize and process date references to the year 2000 and beyond and they are deemed to be Year 2000 compliant ("Year 2000 Compliance"). Potential software failures could create incorrect calculations, among other errors, and they present a risk to the integrity of our Company's financial systems and the reliability of our operating systems. In order to minimize the risk of disruption to our business operations, the Company is taking the actions described below, including communicating with suppliers, dealers, financial institutions, and others with which it does business, to coordinate the identification, evaluation, remediation, and testing of possible Y2K Issues which may affect the Company.

The Company has established a centralized task force to identify and implement necessary changes to the Company's internal computer systems, controlling hardware devices and software applications, in order to achieve Year 2000 Compliance for those systems. The remediation of Y2K Issues and testing of all critical components of the Company's internal systems is scheduled to be completed by June 30, 1999.

The Company has also established processes for evaluating and managing the risks and possible costs associated with Y2K Issues which may exist in systems external to the Company's operations, but could affect the Company's operations indirectly. The Company has already directed efforts to notify our critical vendors and suppliers about Y2K Issues which may affect our operations, and most are already providing important information about the Year 2000 readiness of their organizations. Testing of certain critical systems has already begun in conjunction with our key suppliers and vendors, and the Company is planning to develop contingency plans in circumstances where assurance of Year 2000 Compliance cannot be obtained.

The Company currently estimates it will invest in the range of $250,000 to $500,000, plus internal costs, over the cost of normal software upgrades and replacements to achieve Year 2000 Compliance. These additional capital outlays include costs to replace certain devices and software, and the costs for consultants to assist us with software programming and testing.

Unitil relies on the proper operation of a regional network of systems and devices to transport and distribute electricity and gas to its customers. Any disruption in those systems caused by Y2K Issues could interrupt the reliable delivery of electric and gas service through our Distribution Operating Companies. Some of these software systems and devices belong to other companies and are beyond the control of Unitil to ensure that they are properly remediated for Year 2000. However, several agencies, including the Department of Energy, The New England ISO, and The National Electricity Reliability Council, have active Year 2000 programs in place. These programs will ensure that member companies are actively and comprehensively dealing with any Year 2000 Issues in their supply, generation, transportation and distribution facilities and systems. Unitil participates in these groups, and currently believes that satisfactory progress is being made and will continue to be made to ensure a reliable supply and delivery of energy. Furthermore, these groups plan to establish contingency plans to cover potential delivery difficulties during key Year 2000 dates. The Company also plans to work with local, state and regional agencies and other utility companies to ensure that appropriate contingency plans are in place for energy supply and delivery systems which could be affected by Year 2000 difficulties.

In addition, while the Company currently anticipates that its own mission-critical systems will be Year 2000 Compliant in a timely fashion, it cannot guarantee the compliance of other systems operated by other companies upon which it depends. For example, the Company's ability to provide electricity to its customers depends upon the regional electric transmission grid which connects the systems of neighboring utilities to provide electric power for the region. If one company's system is not Year 2000 Compliant, then a failure could impact all providers within the grid, including Unitil. Similarly, the Company's gas operations depend upon natural gas pipelines that it does not own or control, and any Year 2000 noncompliance associated with these pipelines may affect the Company's ability to provide natural gas to its customers. Failure to achieve Year 2000 readiness could have a material effect on the Company's results of operations, financial position and cash flows.

New Accounting Standards

During 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information." This Statement supersedes all previous accounting pronouncements regarding the reporting of segment information and requires companies to report financial and descriptive information about reportable operating segments in annual and interim financial statements.

Also in 1998, the Company adopted SFAS No. 132, "Employer's Disclosures about Pensions and Other Post-retirement Benefits" (an amendment of FASB Statements No. 87, 88, and 106). This Statement standardizes the disclosure requirements for pensions and other post-retirement benefits, requires additional information on changes in the benefit obligations and fair values of plan assets, and eliminates certain disclosures that are no longer useful.

During 1997, the Company adopted SFAS No. 128, "Earnings per Share." This Statement supersedes all previous accounting pronouncements regarding the reporting of Earnings per Share data and requires the presentation of basic and fully diluted Earnings per Share information by all publicly traded entities. The adoption of this reporting standard by the Company is effective with the reporting years presented in the financial statements.

Forward-Looking Information

This report contains forward-looking statements which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to, variations in weather, changes in the regulatory environment, customers' preferences on energy sources, general economic conditions, increased competition and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of the Company.

CONSOLIDATED
balance sheets (000's)

Assets

December 31,	1998	1997
Utility Plant:		
Electric	$152,940	$166,636
Gas	32,622	30,473
Common	20,876	19,689
Construction Work in Progress	3,024	2,677
Utility Plant	209,462	219,475
Less: Accumulated Depreciation	63,428	68,360
Net Utility Plant	146,034	151,115
Current Assets:		
Cash	4,083	2,337
Accounts Receivable - Less Allowance for Doubtful Accounts of $646 and $653	15,999	16,890
Taxes Refundable	1,056	554
Materials and Supplies	2,962	2,663
Prepayments	1,147	434
Accrued Revenue	5,322	6,796
Total Current Assets	30,569	29,674
Noncurrent Assets:		
Regulatory Assets	163,034	23,885
Prepaid Pension Costs	8,591	8,120
Debt Issuance Costs	1,320	918
Other Noncurrent Assets	27,287	24,819
Total Noncurrent Assets	200,232	57,742
TOTAL	$376,835	$238,531

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

Capitalization & Liabilities

December 31,	1998	1997
Capitalization:		
Common Stock Equity	$75,351	$71,644
Preferred Stock, Non-Redeemable, Non-Cumulative	225	225
Preferred Stock, Redeemable, Cumulative	3,618	3,666
Long-Term Debt, Less Current Portion	74,047	63,896
Total Capitalization	153,241	139,431
Current Liabilities:		
Long-Term Debt, Current Portion	1,175	4,470
Capitalized Leases, Current Portion	907	883
Accounts Payable	11,382	14,734
Short-Term Debt	20,000	18,000
Dividends Declared and Payable	232	212
Refundable Customer Deposits	1,293	2,187
Interest Payable	841	1,087
Other Current Liabilities	2,776	2,635
Total Current Liabilities	38,606	44,208
Deferred Income Taxes	43,027	42,295
Noncurrent Liabilities:		
Power Supply Contract Obligations	129,688	—
Capitalized Leases, Less Current Portion	4,287	4,733
Other Noncurrent Liabilities	7,986	7,864
Total Noncurrent Liabilities	141,961	12,597
TOTAL	$376,835	$238,531

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

CONSOLIDATED

statements of earnings (000's, except common shares and per share data)

Year Ended December 31,	1998	1997	1996
Operating Revenues:			
Electric	$149,639	$149,973	$149,696
Gas	17,009	19,729	21,105
Other	30	36	45
Total Operating Revenues	166,678	169,738	170,846
Operating Expenses:			
Fuel and Purchased Power	98,589	99,974	100,768
Gas Purchased for Resale	9,874	12,032	13,323
Operation and Maintenance	23,652	23,550	24,110
Depreciation and Amortization	10,007	9,178	8,776
Provisions for Taxes:			
Local Property and Other	5,540	5,276	4,983
Federal and State Income	3,710	4,166	4,613
Total Operating Expenses	151,372	154,176	156,573
Operating Income	15,306	15,562	14,273
Non-Operating Expenses (Income)	156	160	(627)
Income Before Interest Expense	15,150	15,402	14,900
Interest Expense, Net	6,901	7,167	6,171
Net Income	8,249	8,235	8,729
Less Dividends on Preferred Stock	274	276	278
Net Income Applicable to Common Stock	$7,975	$7,959	$8,451
Average Common Shares Outstanding	4,505,784	4,412,869	4,354,297
Basic Earnings Per Share	$1.77	$1.80	$1.94
Diluted Earnings Per Share	$1.72	$1.76	$1.89

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

CONSOLIDATED
statements of capitalization (000's except number of shares)

December 31,	1998	1997
Common Stock Equity		
Common Stock, No Par Value (Authorized - 8,000,000 shares; Outstanding - 4,574,629 and 4,463,816 Shares)	$38,407	$35,653
Stock Options	543	1,452
Retained Earnings	36,401	34,539
Total Common Stock Equity	75,351	71,644
Preferred Stock		
CECo Preferred Stock, Non-Redeemable, Non-Cumulative:		
6% Series, $100 Par Value	225	225
CECo Preferred Stock, Redeemable, Cumulative:		
8.70% Series, $100 Par Value	215	215
E&H Preferred Stock, Redeemable, Cumulative:		
5% Series, $100 Par Value	91	91
6% Series, $100 Par Value	168	168
8.75% Series, $100 Par Value	333	344
8.25% Series, $100 Par Value	406	406
FG&E Preferred Stock, Redeemable, Cumulative:		
5.125% Series, $100 Par Value	998	1,035
8% Series, $100 Par Value	1,407	1,407
Total Preferred Stock	3,843	3,891
Long-Term Debt		
CECo First Mortgage Bonds:		
Series C, 6.75%, Due January 15, 1998	—	1,520
Series H, 9.43%, Due September 1, 2003	—	5,200
Series I, 8.49%, Due October 14, 2024	6,000	6,000
Series J, 6.96%, Due September 1, 2028	10,000	—
E&H First Mortgage Bonds:		
Series E, 6.75%, Due January 15, 1998	—	498
Series H, 8.50%, Due December 15, 2002	—	700
Series J, 9.43%, Due September 1, 2003	—	4,000
Series K, 8.49%, Due October 14, 2024	9,000	9,000
Series L, 6.96%, Due September 1, 2028	10,000	—
FG&E Long-Term Notes:		
Twelve-Year Notes, 8.55%, Due March 31, 2004	14,000	15,000
Thirty-Year Notes, 6.75%, Due November 30, 2023	19,000	19,000
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes Due August 1, 2017	7,222	7,448
Total Long-Term Debt	75,222	68,366
Less: Long-Term Debt, Current Portion	1,175	4,470
Total Long-Term Debt, Less Current Portion	74,047	63,896
Total Capitalization	$153,241	$139,431

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

CONSOLIDATED
statements of cash flows (000's)

Year Ended December 31,	1998	1997	1996
Operating Activities:			
Net Income	$8,249	$8,235	$8,729
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	10,068	9,238	8,832
Deferred Tax Provision	1,515	660	456
Amortization of Investment Tax Credit	(402)	(172)	(194)
Gain on Taking of Land and Building	—	—	(875)
Changes in Working Capital:			
Accounts Receivable	891	(506)	(1,453)
Materials and Supplies	(299)	(184)	(203)
Prepayments	(713)	(725)	(705)
Accrued Revenue	1,474	2,063	(6,281)
Accounts Payable	(3,352)	(370)	539
Refundable Customer Deposits	(894)	602	(1,629)
Taxes and Interest Payable	(748)	(804)	(306)
Other, Net	(2,574)	(1,482)	(654)
Cash Provided by Operating Activities	13,215	16,555	6,260
Cash Flows From Investing Activities:			
Acquisition of Property, Plant & Equipment	(14,463)	(13,887)	(19,359)
Proceeds from Taking of Land & Building	—	—	875
Cash Used in Investing Activities	(14,463)	(13,887)	(18,484)
Cash Flows Used in Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt, net	2,000	(3,400)	18,700
Proceeds from Issuance of Long-Term Debt	20,000	7,500	—
Repayment of Long-Term Debt	(13,144)	(1,345)	(1,294)
Dividends Paid	(6,368)	(6,159)	(5,998)
Issuance of Common Stock	1,600	1,285	1,132
Retirement of Preferred Stock	(48)	—	(108)
Repayment of Capital Lease Obligations	(1,046)	(1,115)	(703)
Cash Provided by (Used In) Financing Activities	2,994	(3,234)	11,729
Net Increase (Decrease) in Cash	1,746	(566)	(495)
Cash at Beginning of Year	2,337	2,903	3,398
Cash at End of Year	$4,083	$2,337	$2,903
Supplemental Cash Flow Information:			
Interest Paid	$7,445	$7,531	$6,133
Federal Income Taxes Paid	$2,490	$3,340	$3,982
Non-Cash Financing Activities:			
Capital Leases Incurred	$624	$1,057	$1,858

The Company recorded the estimated impact of the Order from the Massachusetts Department of Telecommunications and Energy related to its electric Utility Restructuring Plan on its December 31, 1998 balance sheet as follows:

Net Decrease in Utility Plant - Electric	$(11,302)	—	—
Increase in Regulatory Assets	140,871	—	—
Decrease in Investment Tax Credits	119	—	—
Increase in Power Supply Contract Obligations	(129,688)	—	—

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

CONSOLIDATED
statements of changes in common stock equity (000's)

	Common Shares	Deferred Stock Option Plan	Retained Earnings	Total
Balance at January 1, 1996	$32,822	$1,299	$29,773	$63,894
Net Income for 1996			8,729	8,729
Dividends on preferred shares			(278)	(278)
Dividends on common shares - at an annual rate of $1.32 per share			(5,740)	(5,740)
Stock Option Plan		237		237
Exercised stock options - 2,400 shares	50	(30)		20
Issuance of 52,081 common shares (a)	1,112			1,112
Balance at December 31, 1996	33,984	1,506	32,484	67,974
Net Income for 1997			8,235	8,235
Dividends on preferred shares			(276)	(276)
Dividends on common shares - at an annual rate of $1.34 per share			(5,904)	(5,904)
Stock Option Plan		330		330
Exercised stock options 28,222 shares	626	(384)		242
Issuance of 51,529 common shares (a)	1,043			1,043
Balance at December 31, 1997	$35,653	$1,452	$34,539	$71,644
Net Income for 1998			8,249	8,249
Dividends on preferred shares			(274)	(274)
Dividends on common shares at an annual rate of $1.36 per share			(6,113)	(6,113)
Stock Option Plan		245		245
Exercised stock options - 66,951 shares	1,720	(1,154)		566
Issuance of 43,862 common shares (a)	1,034			1,034
Balance at December 31, 1998	$38,407	$543	$36,401	$75,351

(a) Shares sold and issued in connection with the Company's Dividend Reinvestment and Stock Purchase Plan and Employee 401(k) Tax Deferred Savings and Investment Plan (See Note 2).

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

NOTES
to consolidated financial statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations — Unitil Corporation (Unitil or the Company) is registered with the Securities and Exchange Commission (SEC) as a public utility holding company under the Public Utility Holding Company Act of 1935 (the 1935 Act), and is the parent of the Unitil System. The following companies are wholly owned subsidiaries of Unitil: Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H), Fitchburg Gas and Electric Light Company (FG&E), Unitil Power Corp. (UPC), Unitil Realty Corp. (URC), Unitil Service Corp. (USC), and Unitil Resources, Inc. (URI).

Unitil's principal business is the retail sale and distribution of electricity in New Hampshire and both electric and gas services in Massachusetts through its retail distribution subsidiaries CECo, E&H, and FG&E. The Company's wholesale electric power subsidiary, UPC, principally provides all the electric power supply requirements to CECo and E&H for resale at retail, and also engages in various other wholesale electric power services with affiliates and non-affiliates throughout the New England region. URI is engaged in business transactions as a competitive marketer of electricity. Finally, URC and USC provide centralized operations to support the Unitil System.

With respect to rates and accounting practices, CECo and E&H are subject to regulation by the New Hampshire Public Utilities Commission (NHPUC), FG&E is regulated by the Massachusetts Department of Telecommunications & Energy (MDTE), and UPC is regulated by the Federal Energy Regulatory Commission (FERC).

The Company accounts for all its regulated operations in accordance with Statement of Financial Accounting Standard ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation," requiring the Company to record the financial statement effects of the rate regulation to which the Company is currently subject. If a separable portion of the Company's business no longer meets SFAS No. 71, the Company is required to eliminate the financial statement effects of regulation for that portion.

Basis of Presentation

Principles of Consolidation — Unitil Corporation (the Company) is the parent company of the Unitil System (the System). The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management 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.

Revenue Recognition – The Company's operating subsidiaries record electric and gas operating revenues based upon the amount of electricity and gas delivered to customers through the end of the accounting period.

Depreciation & Amortization – Depreciation provisions for the Company's utility operating subsidiaries are determined on a group straight-line basis. Provisions for depreciation were equivalent to the following composite rates, based on the average depreciable property balances at the beginning and end of each year: 1998 - 3.21 percent; 1997 - 3.45 percent; and 1996 - 3.45 percent.

Amortization provisions include the recovery of a portion of FG&E's former investment in the Seabrook Nuclear Power Plant in rates to its customers through a Seabrook Amortization Surcharge as ordered by the MDTE. In addition, FG&E is amortizing electric generating assets, in accordance with its electric restructuring plan approved by the MDTE (See Note 12).

Federal Income Taxes – Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured by applying tax rates applicable to the taxable years in which those differences are expected to reverse. The Tax Reduction Act of 1986 eliminated investment tax credits. Investment tax credits generated prior to 1986 are being amortized, for financial reporting purposes, over the productive lives of the related assets.

New Accounting Standards – During 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This Statement supersedes all previous accounting pronouncements regarding the reporting of segment information and requires companies to report financial and descriptive information about reportable operating segments in annual and interim financial statements (See Note 11).

Also in 1998, the Company adopted SFAS No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits" (an amendment of FASB Statements No. 87, 88, and 106). This Statement standardizes the disclosure requirements for pensions and other postretirement benefits, requires additional information on changes in the benefit obligations and fair values of plan assets and eliminates certain disclosures that are no longer useful (See Note 9).

During 1997, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share." This Statement supersedes all previous accounting pronouncements regarding the reporting of earnings per share data and requires the presentation of basic and diluted earnings per share information by all publicly traded entities. The adoption of this reporting standard by the Company is effective with the reporting years presented in the financial statement (See Note 10).

Reclassifications – Certain amounts previously reported have been reclassified to conform with current year presentation.

Note 2: Common Stock

New Shares Issued – During 1998, the Company raised $1,034,195 of additional common equity capital through the issuance of 43,862 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase Plan and Employee 401(k) Tax Deferred Savings and Investment Plan. The Dividend Reinvestment and Stock Purchase Plan provides participants in the plan a method for investing cash dividends on the Company's Common Stock and cash payments in additional shares of the Company's Common Stock. The Employee 401(k) Tax Deferred Savings and Investment Plan is described in Note 9 below. In 1997, the Company raised $1,042,974 of additional common equity capital through the issuance of 51,529 shares of common stock in connection with these plans.

The Company maintains a Key Employee Stock Option Plan (KESOP), which provides for the granting of options to key employees. The number of shares granted under this plan, as well as the terms and conditions of each grant, are determined by the Board of Directors, subject to plan limitations. All options granted under the KESOP vest upon grant. No option can be issued under the current plan after 1999. The plan provides options and dividend equivalents on options granted, which are recorded at fair value as compensation expense. The total compensation expenses recorded by the Company with respect to this plan were $244,903, $330,098 and $237,044 for the years ended December 31, 1998, 1997 and 1996, respectively.

Share Option Activity of the KESOP is presented in the following table:

	1998	1997	1996
Beginning Options Outstanding & Exercisable	191,365	182,495	173,362
Options Granted	–	25,000	1,000
Dividend Equivalents Earned	10,327	12,092	10,533
Options Exercised	(66,951)	(28,222)	(2,400)
Options Canceled	–	–	–
Ending Options Outstanding & Exercisable	134,741	191,365	182,495
Range of Option Exercise Price per Share	$12.11-$18.28	$12.11-$18.28	$12.11-$18.28

The Company has adopted SFAS No. 123, "Accounting for Stock Based Compensation," and recognizes compensation costs at fair value.

The weighted average fair value per share of options granted during 1997 and 1996 was $3.21 and $3.23, respectively. No options were granted in 1998. The weighted average exercise price of options and dividend equivalents exercised in 1998 was $8.38 per share. The fair value of options at the date of grant was estimated using the Black-Scholes model with the following weighted average assumptions:

	1998	1997	1996
Expected Life (Years)	None granted	2	3
Interest Rate		6.0%	6.0%
Volatility		19.5%	19.4%
Dividend Yield		5.5%	6.6%

Restrictions on Retained Earnings —Unitil Corporation has no restriction on the payment of common dividends from retained earnings. Its three retail distribution subsidiaries do have restrictions. Under the terms of the First Mortgage Bond Indentures, CECo and E&H had $3,336,986 and $3,366,816, respectively, available for the payment of cash dividends on their common stock at December 31, 1998. Under the terms of long-term debt Purchase Agreements, FG&E had $16,421,494 of retained earnings available for the payment of cash dividends on its common stock at December 31, 1998.

Note 3: Preferred Stock

Certain of the Unitil subsidiaries have Redeemable Cumulative Preferred Stock outstanding and one subsidiary, CECo, has a Non-Redeemable, Non-Cumulative Preferred Stock issue outstanding. All such subsidiaries are required to offer to redeem annually a given number of shares of each series of Redeemable Cumulative Preferred Stock and to purchase such shares that shall have been tendered by holders of the respective stock. All such subsidiaries may redeem, at their option, the Redeemable Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable Cumulative Preferred Stock during 1998, 1997 and 1996 were: 1998 - $47,300; 1997 - $0; and 1996 - $108,000. The aggregate amount of sinking fund requirements of the Redeemable Cumulative Preferred Stock for each of the five years following 1998 are $206,000 per year.

Note 4: Long-Term Debt

Certain of the Company's long-term debt agreements contain provisions which, among other things, limit the incursion of additional long-term debt.

Total aggregate amount of sinking fund payments relating to bond issues and normal scheduled long-term debt repayments amounted to $4,394,000 and $1,294,000 in 1998 and 1997, respectively.

The aggregate amount of bond sinking fund requirements and normal scheduled long-term debt repayments for each of the five years following 1998 are: 1999 - $1,176,307; 2000 - $1,190,940; 2001 - $3,206,788; 2002 - $3,223,951 and 2003 - $3,242,539.

On September 3, 1998, CECo sold $10,000,000 of 30-year Series J First Mortgage Bonds at par to an institutional investor, bearing an interest rate of 6.96%. Proceeds were used to repay short-term indebtedness, incurred to fund CECo's ongoing construction program, and to redeem a higher coupon long-term debt issue prior to its maturity. The redemption of $4,550,000 was on the 9.43% Series H First Mortgage Bonds.

On September 3, 1998, E&H sold $10,000,000 of 30-year Series L First Mortgage Bonds at par to an institutional investor, bearing an interest rate of 6.96%. Proceeds were used to repay short-term indebtedness, incurred to fund E&H's ongoing construction program, and to redeem two higher coupon long-term debt issues prior to their maturity. The redemptions, which totaled $4,200,000, included $700,000 of 8.50% Series H First Mortgage Bonds, and $3,500,000 of 9.43% Series J First Mortgage Bonds.

On January 26, 1999 FG&E sold $12,000,000 of long term notes at par to institutional investors, bearing an interest rate of 7.37%. Proceeds were used to repay short-term indebtedness, incurred to fund FG&E's ongoing construction program.

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. In management's opinion, the carrying value of the debt approximated its fair value at December 31, 1998 and 1997.

Note 5: Credit Arrangements

At December 31, 1997, the Company had unsecured committed bank lines for short-term debt aggregating $25,000,000 with four banks for which it pays commitment fees. At December 31, 1998, the unused portion of the committed credit lines outstanding was $5,000,000. The average interest rates on all short-term borrowings were 5.95% and 5.98% during 1998 and 1997, respectively.

Note 6: Leases

The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery and office equipment. FG&E has a facility lease for twenty-two years which began in February 1981. The lease allows five, five-year renewal periods at the option of FG&E. The equipment leases, which expired in 1998, included a twenty-five-year lease, which began on April 1, 1973, for a combustion turbine and a liquefied natural gas storage and vaporization facility. In addition, Unitil's subsidiaries lease some equipment under operating leases.

The following is a schedule of the leased property under capital leases by major classes:

	Asset Balances at December 31,	
Classes of Utility Plant (000's)	1998	1997
Electric	[illegible]	$2,054
Gas	[illegible]	726
Common	$6,899	6,420
Gross Plant	6,899	9,200
Less: Accumulated Depreciation	1,705	3,584
Net Plant	$5,194	$5,616

The following is a schedule by years of future minimum lease payments and present value of net minimum lease payments under capital leases as of December 31, 1998:

Year Ending December 31, (000's)	
1999	$1,920
2000	1,362
2001	1,214
2002	1,123
2003	810
2004 - 2008	1,532
Total Minimum Lease Payments	$7,961
Less: Amount Representing Interest	2,767
Present Value of Net Minimum Lease Payments	$5,194

Total rental expense charged to operations for the years ended December 31, 1998, 1997 and 1996 amounted to $88,000, $110,000, and $161,000, respectively. There are no material future operating lease payment obligations at December 31, 1998.

Note 7: Income Taxes

Federal Income Taxes were provided for the following items for the years ended December 31, 1998, 1997 and 1996, respectively:

	1998	1997	1996
Current Federal Tax Provision (000's):			
Operating Income	$2,221	$2,999	$3,658
Amortization of Investment Tax Credits	(402)	(172)	(194)
Total Current Federal Tax Provision	1,819	2,827	3,464
Deferred Federal Tax Provision (000's):			
Accelerated Tax Depreciation	488	500	603
Abandoned Properties	(656)	(589)	(655)
Allowance for Funds Used During Construction ("AFUDC") and Overheads	(58)	(65)	(72)
Post-Retirement Benefits Other Than Pensions	(32)	(33)	(20)
Environmental Remediation	45	112	—
Deferred Maintenance Cost and Other	(76)	251	(175)
Accrued Revenue	1,042	—	—
Deferred Gas Rate Case Expense	283	—	—
Percentage Repair Allowance	115	108	124
Deferred Advances	(72)	52	304
Deferred Pensions	146	237	212
Total Deferred Federal Tax Provision	1,225	573	321
Total Federal Tax Provision	$3,044	$3,400	$3,785

The components of the Federal and State income tax provisions reflected in the accompanying consolidated statements of earnings for the years ended December 31, 1998, 1997 and 1996 were as follows:

(000's)	1998	1997	1996
Federal			
Current	$2,221	$2,999	$3,658
Deferred	1,225	573	321
Amortization of Investment Tax Credits	(402)	(172)	(194)
Total Federal Tax Provision	3,044	3,400	3,785
State			
Current	377	679	691
Deferred	289	87	137
Total State Tax Provision	666	766	828
Total Provision for Federal and State Income Taxes	$3,710	$4,166	$4,613

The differences between the Company's provisions for Federal Income Taxes and the provisions calculated at the statutory federal tax rate, expressed in percentages, are shown below:

Year Ended December 31,	1998	1997	1996
Statutory Federal Income Tax Rate:	34%	34%	34%
Income Tax Effects of:			
Investment Tax Credits	(3)	(1)	(1)
Abandoned Property	(6)	(5)	(5)
Other, Net	2	1	2
Effective Federal Income Tax Rate	27%	29%	30%

Temporary differences which gave rise to deferred tax assets and liabilities are shown below:

Deferred Income Taxes at December 31,		
(000's)	1998	1997
Accelerated Depreciation	$24,658	$24,625
Abandoned Property	8,442	9,098
Contributions in Aid to Construction	(2,819)	(2,750)
Percentage Repair Allowance	1,924	1,792
Cathodic Protection	369	372
Retirement Loss	2,348	1,823
Deferred Pensions	2,870	2,758
AFUDC	31	45
Overheads	202	249
KESOP	(442)	(544)
Bad Debts	(225)	(246)
Accumulated Deferred	3,179	3,441
Environmental Remediation	186	132
Accrued Revenue	1,199	–
Deferred Gas Rate Case Expense	337	–
Investment Tax Credit	916	1,437
Other	(148)	63
Total Deferred Income Taxes	$43,027	$42,295

Note 8: Energy Supply

Massachusetts:

Joint Owned Units – FG&E is participating, on a tenancy-in-common basis with other New England utilities, in the ownership of three generating units. New Haven Harbor is a dual-fired oil and gas station, and Wyman Unit No. 4 is an oil-fired station. They have been in commercial operation since August 1975 and December 1978, respectively. Millstone Unit No. 3, a nuclear generating unit, has been in commercial operation since April 1986. Kilowatt-hour generation and operating expenses of the joint ownership units are divided on the same basis as ownership. FG&E's proportionate costs are reflected in the 1998 Consolidated Statements of Earnings. Information with respect to these units as of December 31, 1998 is shown below:

Joint Ownership Units	State	Proportionate Ownership %	Share of Total MW	Company's Net Book Value
Millstone Unit No.3	CT	0.2170	2.50	$7,581
Wyman Unit No.4	ME	0.1822	1.13	117
New Haven Harbor	CT	4.5000	20.12	2,000
			23.75	$9,698

Purchased Power and Gas Supply Contracts — FG&E has commitments under long-term contracts for the purchase of electricity and gas from various suppliers. Generally, these contracts are for fixed periods and require payment of demand and energy charges. Total costs under these contracts are included in Electricity and Gas Purchased for Resale in the Consolidated Statements of Earnings. These costs are normally recoverable in revenues under various cost recovery mechanisms.

The status of FG&E's electric purchased power contracts at December 31, 1998, is as shown to the right:

Unit Fuel Type	Energy Entitlements	Contract End Date
Hydro	8 MW	2001
Hydro	3 MW	2012
Wood	17 MW	2012
System	15 MW	2001

Impact of Electric Restructuring – On January 15, 1999 the MDTE issued an order (the Order) approving FG&E's Electric Restructuring Plan (the Plan) with certain modifications. The Order included approval of the Company's power supply divestiture plan for its interest in the three generating units and four long-term power supply contracts outlined, above.

FG&E has been allowed recovery of its transition costs, estimated at $140 million, including the above-market or stranded generation and power supply-related costs, via a non-bypassable uniform Transition Charge. Estimated Regulatory Assets, based upon the Transition Charges to be collected, have been recorded together with the recognition of certain adjustments related to power supply contract liabilities and generation assets.

FG&E recorded, based on the competitive bidding process, the estimated above-market portion of its power supply contracts obligations of $129 million. The net book value of its investment in generation assets, principally investments in Joint Owned facilities and inventories, is approximately $11 million and has been reclassified to Regulatory Assets. Also, as a result of the competitive bidding process, FG&E expects to receive approximately $5 million in proceeds from the disposition of a portion of its investment in Joint Owned facilities in 1999, which has been recorded in Regulatory Assets at December 31, 1998. Also, Deferred Tax Assets and Liabilities related to the adjustments above are reflected in the Company's Balance Sheet at December 31, 1998.

As a result of the Order by the MDTE related to Electric Industry Restructuring in Massachusetts (See Note 12), the Company is required to discontinue the provisions of Statement of Financial Accounting Standards 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71), to the generation and power supply portion of FG&E's business. FG&E's electric distribution business and gas supply and distribution business, as well as the power supply and distribution business of CECo, E&H and UPC will continue to apply SFAS No. 71.

New Hampshire:

Purchased Power Contracts — UPC also has commitments under long-term contracts for the purchase of electricity from various suppliers. These wholesale contracts are generally for fixed periods and require payment of demand and energy charges. The total costs under these contracts are included in Electricity Purchased for Resale in the Consolidated Statements of Earnings and are normally recoverable in revenues under various cost recovery mechanisms.

The status of UPC's electric purchased power contracts at December 31, 1998, is as shown below:

Unit Fuel Type	MW Winter Entitlements	1998 Energy Purchased (MWH's)	Contract End Date	Est. Annual Min. Payments Which Cover Future Debt Service Requirements (000's)	
Unitil Power Corp.					
Gas	24	127,221	2010	$5,047	[1]
Gas	2	4,631	2008	None	
Oil/Gas	2	5,768	2003	None	
Oil/Gas	16	75,889	2006	None	
Oil/Gas	10	17,820	2008	None	
Oil	4	8,472	1999	None	
Oil	11	52,598	2005	None	
Coal	25	137,183	2005	None	
Nuclear	29	197,146	2005	None	
Nuclear	10	86,408	2010	None	
Nuclear	2	13,458	2013	None	
Hydro	5		2001	$989	[2]
Refuse	6	47,113	2003	None	
System	18	1,242	2002	None	
System	30	11,317	Variable	None	
Various	5	4,236	1999	None	
Various		178,055	Short-term	None	

Notes:
[1] Total estimated 1998 annualized capacity payments, including debt service requirements.
[2] Total support charges including debt service requirements.

In New Hampshire, Electric Industry Restructuring is not yet complete. The Company expects that, upon completion of industry restructuring, the above-market portion of the contracts listed above would be classified as stranded costs.

Note 9: Benefit Plans

Pension Plans – Prior to May 1, 1998, four of the Company's subsidiaries had defined benefit Retirement and Pension Plans and related Trust Agreements to provide retirement annuities for participating employees at age 65. On May 1, 1998, the plans of each employer were merged into one plan with uniform plan provisions to be known as the "Unitil Corporation Retirement Plan." The entire cost of the plan is borne by the respective subsidiaries.

The following table provides the components of net periodic expense (income) for the plans for years 1998, 1997, and 1996:

(000's)	1998	1997	1996
Service Cost	$827	$767	$703
Interest Cost	2,207	2,023	1,921
Expected Return on Plan Assets	(3,562)	(3,094)	(2,817)
Amortization of Transition Obligation	(16)	(16)	(16)
Amortization of Prior-Service Cost	74	13	13
Net Periodic Benefit Income	$(470)	$(307)	$(196)

Reconciliation of Projected Benefit Obligation (000's):	1998	1997	1996
Beginning of Year	$29,853	$26,907	$28,236
Service Cost	827	767	703
Interest Cost	2,207	2,023	1,921
Amendments (Note A)	1,292	—	—
Actuarial Loss (Gain)	4,290	1,836	(2,373)
Benefit Payments	(1,848)	(1,680)	(1,580)
End of Year	$36,621	$29,853	$26,907
Reconciliation of Fair Value of Plan Assets (000's):			
Beginning of Year	$42,304	$36,547	$32,858
Actual Return on Plan Assets	8,171	6,971	4,807
Employer Contributions	—	466	462
Benefit Payments	(1,848)	(1,680)	(1,580)
End of Year	$48,627	$42,304	$36,547
Funded Status (000's):			
Funded Status at December 31 (Note B)	$12,006	$12,451	$9,640
Unrecognized Transition Obligation	254	238	222
Unrecognized Prior-Service Cost	1,317	98	111
Unrecognized (Gain) Loss	(4,986)	(4,667)	(2,625)
Prepaid Pension Cost	$8,591	$8,120	$7,348

(A) Generally effective May 1, 1998, the plans of each employer were merged into one plan with uniform plan provisions to be known as the "Unitil Corporation Retirement Plan."

(B) From Fair Value of Plan Assets less End of Year Projected Benefit Obligation

Plan assets are invested in common stock, short-term investments and various other fixed income security funds. The weighted-average discount rates used in determining the projected benefit obligation in 1998, 1997 and 1996 were 7.00%, 7.25%, and 7.75%, respectively, while the rate of increase in future compensation levels for 1998, 1997 and 1996 were 4.00%, 4.50% and 4.50%, respectively. The expected long-term rates of return on assets in 1998, 1997 and 1996 were 9.25% in each year.

Unitil Service Corp. has a Supplemental Executive Retirement Plan (SERP). The SERP is an unfunded retirement plan with participation limited to executives selected by the Board of Directors. The cost associated with the SERP amounted to $114,496; $112,000; and $71,000 for the years ended December 31, 1998, 1997 and 1996, respectively.

Employee 401(k) Tax Deferred Savings Plan — The Company sponsors a defined contribution plan (under Section 401(k) of the Internal Revenue Code) covering substantially all of the Company's employees. Participants may elect to defer from 1% to 15% of current compensation to the plan. The Company matches contributions, with a maximum matching contribution of 3% of current compensation. Employees may direct the investment of their savings plan balances into a variety of investment options, including a Company common stock fund. Participants are 100% vested in contributions made on their behalf, once they have completed three years of service. The Company's share of contributions to the plan were $384,142; $389,888; and $356,574 for the years ended December 31, 1998, 1997 and 1996, respectively.

Post-Retirement Benefits — The Company's subsidiaries provide health care benefits to retirees for a twelve-month period following their retirement. The Company's subsidiaries continue to provide life insurance coverage to retirees. Life insurance and limited health care post-retirement benefits require the Company to accrue post-retirement benefits during the employee's years of service with the Company and the recognition of the actuarially determined total post-retirement benefit obligation earned by existing retirees. At December 31, 1998, 1997 and 1996, the accumulated post-retirement benefit obligation (transition obligation) was approximately $299,000, $321,000 and $342,000, respectively, and the period cost associated with these benefits for 1998, 1997 and 1996 was approximately $76,000, $75,000 and $132,000, respectively. This obligation is being recognized on a delayed basis over the average remaining service period of active participants and such period will not exceed 20 years. The Company has omitted certain disclosures relating to SFAS No.132, as the accumulated post-retirement benefit obligation (transition obligation) is not material.

Note 10: Earnings Per Share

The following table reconciles basic and diluted earnings per share assuming all stock options were converted to common shares per SFAS 128.

(000's except share and per share data)	1998	1997	1996
Basic Income Available to Common Stock	$7,975	$7,959	$8,451
Weighted Average Common Shares Outstanding - Basic	4,505,784	4,412,869	4,354,297
Plus: Diluted Effect of Incremental Shares from Assumed Conversion	128,324	107,512	106,366
Weighted Average Common Shares Outstanding – Diluted	4,634,108	4,520,381	4,460,663
Basic Earnings per Share	$1.77	$1.80	$1.94
Diluted Earnings per Share	$1.72	$1.76	$1.89

Note 11: Segment Information

The Company has two reportable segments: Electric (CECo, E&H, UPC, URI, and the electric portion of FG&E's business) and Gas (the gas portion of FG&E's business). Unitil is engaged principally in the retail sale and distribution of electricity in New Hampshire and both electric and gas service in Massachusetts through its retail distribution subsidiaries CECo, E&H, and FG&E. The Company's wholesale electric power subsidiary, UPC, principally provides all the electric power supply requirements to CECo and E&H for resale at retail, and also engages in various other wholesale electric power services with affiliates and non-affiliates throughout the New England Region. URI is engaged in business transactions as a competitive marketer of electricity. URC and USC provide centralized operations to support the Unitil System.

URC and USC are included in the "Other" column of the table below. USC provides centralized management and administrative services, including information systems management and financial record keeping. URC owns certain real estate, principally the Company's corporate headquarters.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies. Intersegment sales take place at cost and the effects of all intersegment and/or intercompany transactions are eliminated in the consolidated financial statements. Segment profit or loss is based on profit or loss from operations after income taxes. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated in accordance with factors contained in cost of service studies which were included in rate applications approved by the NHPUC and MDTE. Assets allocated to segment are based upon specific identification of such assets provided by Company records.

The following table provides significant segment financial data for the years ended December 31, 1998, 1997, and 1996:

Year Ended December 31, 1998 (000's)	**Electric**	**Gas**	**Other**	**Eliminations**	**Total**
Revenues					
External Customers	$149,639	$17,009	$30		$166,678
Intersegment	—	—	18,483	(18,483)	—
Depreciation and Amortization	7,917	893	1,197		10,007
Interest, net	4,842	1,097	962		6,901
Income Taxes	3,609	(145)	246		3,710
Segment Profit	7,428	176	371		7,975
Identifiable Segment Assets	316,568	36,354	44,932	(21,019)	376,835
Regulatory Assets	163,034	—	—		163,034
Capital Expenditures	10,644	3,171	648		14,463
Year Ended December 31, 1997 (000's)					
Revenues					
External Customers	$149,973	$19,729	$36		$169,738
Intersegment	—	—	14,295	(14,295)	—
Depreciation and Amortization	7,246	892	1,040		9,178
Interest, net	5,715	1,034	418		7,167
Income Taxes	3,563	414	189		4,166
Segment Profit	6,772	916	271		7,959
Identifiable Segment Assets	177,684	36,045	47,488	(22,686)	238,531
Regulatory Assets	23,885	—	—		23,885
Capital Expenditures	10,475	2,182	1,230		13,887
Year Ended December 31, 1996 (000's)					
Revenues					
External Customers	$149,696	$21,105	$45		$170,846
Intersegment	—	—	10,738	(10,738)	—
Depreciation and Amortization	7,243	856	677		8,776
Interest, net	5,206	979	$(14)		6,171
Income Taxes	3,831	417	365		4,613
Segment Profit	6,982	900	569		8,451
Identifiable Segment Assets	175,178	33,473	41,952	(18,495)	232,108
Regulatory Assets	25,432	—	—		25,432
Capital Expenditures	10,834	1,915	6,610		19,359

Note 12: Commitments & Contingencies

Environmental Matters

In September 1998, FG&E signed a memorandum of understanding with the Massachusetts Highway Department and the Massachusetts Department of Environmental Protection that accommodates the construction of a new highway bridge across Sawyer Passway, the Company's former manufactured gas plant (MGP) site. This memorandum satisfies the requirements of the Massachusetts Contingency Plan for temporary closure at this last remaining portion of the site. Specifically, this agreement allows for current FG&E efforts to perform remediation work required as a result of bridge construction. Upon completion of site remediation associated with the bridge construction, this last remaining portion of the Sawyer Passway MGP site is expected be closed out and attain the status of temporary closure in late 1999. This temporary closure allows FG&E to monitor the site every five years to determine if a more feasible remediation alternative can be developed and achieved.

The costs of remedial action at this site is initially funded from traditional sources of capital and recovered from customers under a rate recovery mechanism approved by the MDTE. The Company also has a number of liability insurance policies that may provide coverage for environmental remediation at this site.

Regulatory Matters

Restructuring and Competition -Regulatory activity surrounding restructuring and competition continues in both Massachusetts and New Hampshire. March 1, 1998 was "Choice Date" or the beginning of competition for all electric consumers in Massachusetts, while New Hampshire's "Choice Date" slipped past both the proposed date of January 1, 1998, and the legislature's mandated date of July 1, 1998. Currently, approximately 10% of New Hampshire electric consumers can choose their electric supplier. The ability to choose for the remaining 90% is currently the subject of a federal court preliminary injunction *(see below)*.

Massachusetts gas industry restructuring plans continue to be under development. The MDTE, gas utilities and other stakeholders began a collaborative effort in late 1997 to develop solutions to the many issues that surround restructuring the local natural gas distribution business.

Unitil has been preparing for electric and gas industry restructuring by developing transition plans that will move its utility subsidiaries into this new market structure in a way that will ensure fairness in the treatment of the Company's assets and obligations that are dedicated to the current regulated franchises and, at the same time, provide choice for all customers.

Massachusetts (Electric) – On January 15, 1999, the MDTE gave final approval to FG&E's restructuring plan with certain modifications. The Plan provides customers with: a) a choice of energy supplier; b) an option to purchase Standard Offer Service (i.e. state-mandated energy service) provided by FG&E at regulated rates for up to seven years; and c) a cumulative 15% rate reduction. The Plan also provides for FG&E to divest of generation assets and its portfolio of purchased power contracts. The Company will be afforded full recovery of any transition costs through a non-bypassable retail Transition Charge.

Pursuant to the Plan, on October 30, 1998, the Company filed with the MDTE a proposed contract with Constellation Power Services Inc. for provision of Standard Offer Service. The MDTE's January 15, 1999 Order approves the FG&E/Constellation contract, and service thereunder is scheduled to commence on March 1, 1999 and continue through February 28, 2005. This contract is the result of the first successful Standard Offer auction conducted in Massachusetts.

The January 15 Order also approved the Company's power supply divestiture plan for its interest in three generating units and four long-term power supply contracts. A contract for the sale of FG&E's interest in the New Haven Harbor plant was filed with the MDTE on November 20, 1998. The MDTE's decision is pending. Contracts for the sale of the Company's remaining generating assets and purchased power contracts are expected to be filed with the MDTE in the near future. All such contracts are subject to MDTE approval.

Massachusetts (Gas) – In mid-1997, the MDTE directed all Massachusetts natural gas Local Distribution Companies (LDCs) to form a collaborative with other stakeholders to develop common principles and appropriate regulations for the unbundling of gas service and directed FG&E and four other LDCs to file unbundled gas rates for its review. FG&E's unbundled gas rates were approved by the MDTE and implemented in November of 1998.

On July 2, 1998, the MDTE established April 1, 1999 as the date by which unbundled gas service would begin to be implemented by all LDCs. On February 1, 1999, the MDTE issued an order in which it determined that the LDCs would continue to have an obligation to provide gas supply and delivery services for another five years with a review after three years. That order also set forth the MDTE's decision regarding release by LDCs of their pipeline capacity contracts to competitive marketers. In January of 1999, the LDCs reported to the MDTE that they were continuing to work to develop systems and practices to implement unbundling. The MDTE has not yet responded to the LDCs' report, and it appears unlikely that full implementation will be achieved by the April 1, 1999 target date.

New Hampshire – On February 28, 1997, the New Hampshire Public Utilities Commission (NHPUC) issued its Final Plan for transition to a competitive electric market in New Hampshire. A Unitil-specific order allowed CECo and E&H, Unitil's New Hampshire retail distribution utilities, to recover 100% of "stranded" costs for a two-year period, but excluded recovery of certain administrative-related charges.

Northeast Utilities' affiliate, Public Service Company of New Hampshire, appealed the NHPUC order in Federal District Court. A temporary restraining order was issued on March 10, 1997. In June 1997 Unitil was admitted as a Plaintiff Intervenor in the Federal Court proceeding. On June 9, 1998, the Federal Court issued an injunction continuing the freeze on NHPUC efforts to implement restructuring. Several parties have filed interlocutory appeals, and no date has been scheduled for a trial in the federal court. The Company will vigorously pursue its action in the federal court and simultaneously look for ways to resolve issues and bring forth choice to its retail customers.

In September of 1998, the Company reached a comprehensive restructuring settlement with key parties and filed this voluntary Agreement with the NHPUC. The Agreement was modified on October 20, 1998. In oral deliberations on November 2 and November 18, the NHPUC imposed conditions to approval of the Settlement which were unacceptable to the Company, and the Settlement was subsequently withdrawn. The component of the Agreement dealing with wholesale rates was filed with the FERC in September 1998, and approved by the FERC in early November, however implementation will not occur, as the changes were conditioned upon approval by the NHPUC. Unitil continues to participate actively in all proceedings and in several NHPUC-established working groups which will define details of the transition to competition and customer choice.

Rate Cases – The last formal regulatory hearings to increase base electric rates for Unitil's three retail operating subsidiaries occurred in 1985 for Concord Electric Company, 1984 for Fitchburg Gas and Electric Light Company and 1981 for Exeter & Hampton Electric Company.

On May 15, 1998, FG&E filed a gas base rate case with the MDTE. After evidentiary hearings, the MDTE issued an Order allowing FG&E to establish new rates, effective November 30, 1998, that would produce an increase of approximately $1.0 million in annual gas revenues. However, as part of the proceeding, the Attorney General of the Commonwealth of Massachusetts alleged that FG&E had double-collected fuel inventory finance charges, since 1987, and requested that the MDTE require FG&E to refund approximately $1.6 million to its customers. The Company believes that the Attorney General's claim is without merit and that a refund is not justified or warranted. The MDTE stated its intent to open a separate proceeding to investigate the Attorney General's claim.

A majority of the Company's operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, cost of gas and energy efficiency program cost recovery mechanisms. Restructuring will continue to change the methods of how certain costs are recovered from customers and from suppliers. Transition Costs, Standard Offer Service and Default Service power supply costs, Internal and External Transmission service costs and Energy Efficiency and Renewable Energy program costs for FG&E are being recovered via fully reconciling rate adjustment mechanisms in Massachusetts.

Millstone Unit No. 3 – FG&E has a 0.217% non-operating ownership in the Millstone Unit No. 3 (Millstone 3) nuclear generating unit which supplies it with 2.49 megawatts (MW) of electric capacity. In January 1996 the Nuclear Regulatory Commission (NRC) placed Millstone 3 on its Watch List, which calls for increased NRC inspection attention. On March 30, 1996, as a result of an engineering evaluation completed by the operator, Northeast Utilities, Millstone 3 was taken out of service. NRC authorization for restart was given on June 29, 1998. Millstone 3 began producing electric power in early July, 1998 and reached full output on July 15, 1998. The unit remains on the NRC's Watch List.

During the period that Millstone 3 was out of service, FG&E continued to incur its proportionate share of the unit's ongoing Operations and Maintenance (O&M) costs, and may incur additional O&M costs and capital expenditures to meet NRC requirements. FG&E also incurred costs to replace the power that was expected to be generated by the unit. During the outage, FG&E had been incurring approximately $35,000 per month in replacement power costs, and had been recovering those costs through its fuel adjustment clause, which will be subject to review and approval by the MDTE.

In August 1997, FG&E, in concert with other non operating joint owners, filed a demand for arbitration in Connecticut and a lawsuit in Massachusetts, in an effort to recover costs associated with the extended unplanned shutdown. The arbitration and legal cases are proceeding.

REPORT
of independent certified public accountants

Grant Thornton

GRANT THORNTON LLP

To the Shareholders of Unitil Corporation:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Unitil Corporation and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unitil Corporation and subsidiaries as of December 31, 1998 and 1997, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Grant Thornton LLP

Boston, Massachusetts
February 9, 1999

REPORT
of management

To the Shareholders of Unitil Corporation:

Management is responsible for the preparation and integrity of the Company's financial statements. The financial statements have been prepared in accordance with generally accepted accounting principles as applied to regulated public utilities as appropriate and necessarily include some amounts that are based on management's best estimates and judgment.

The Company maintains a system of internal accounting and administrative controls and an ongoing program of internal audits that management believes provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. The Company's financial statements have been audited by the independent public accounting firm Grant Thornton LLP, who also conducts a review of internal controls to the extent required by generally accepted auditing standards.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets with management, the internal auditor and Grant Thornton LLP to review planned audit scope and results and to discuss other matters affecting internal accounting controls and financial reporting. The independent accountants and internal auditor have direct access to the Audit Committee and periodically meet with its members without management representatives present.

Robert G. Schoenberger
Chairman of the Board of Directors
Chief Executive Officer

Anthony J. Baratta, Jr.
Senior Vice President
Chief Financial Officer

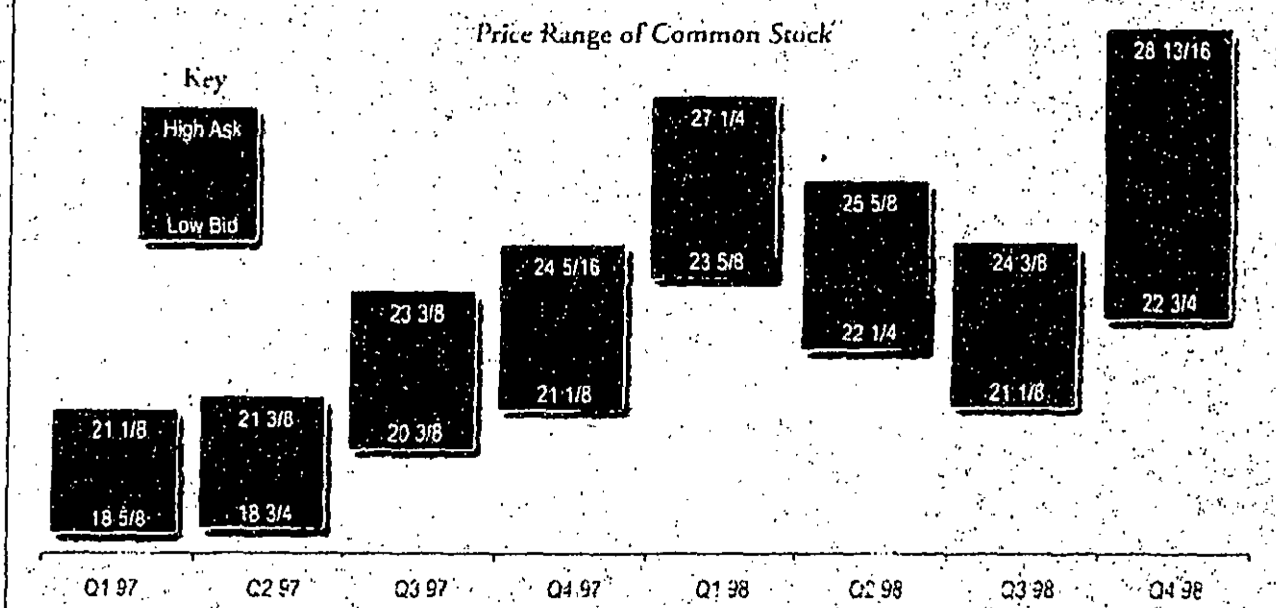
SELECTED consolidated financial data

	1998	1997	1996	1995
Consolidated Statements of Earnings (000's)				
Operating Income	$15,306	$15,562	$14,273	$14,225
Non-Operating Expense (Income)	156	160	(627)	217
Gross Income	15,150	15,402	14,900	14,008
Income Deductions	6,901	7,167	6,171	5,639
Unsolicited Tender Offer & Merger Expenses (Net of Taxes)	–	–	–	–
Net Income Before Cumulative Effect of Accounting Change	8,249	8,235	8,729	8,369
Cumulative Effect of Accounting Change	–	–	–	–
Net Income	8,249	8,235	8,729	8,369
Dividends on Preferred Stock	274	276	278	284
Net Income Applicable to Common Stock	$7,975	$7,959	$8,451	$8,085
Balance Sheet Data (000's)				
Utility Plant (Original Cost)	$209,462	$219,475	$207,545	$190,177
Total Assets	$376,835	$238,531	$232,108	$211,702
Capitalization:				
Common Stock Equity	$75,351	$71,644	$67,974	$63,895
Preferred Stock	3,843	3,891	3,891	3,999
Long-Term Debt	75,222	68,366	62,211	63,505
Total Capitalization	$154,416	$143,901	$134,076	$131,399
Capitalization Ratios:				
Common Stock Equity	49%	50%	51%	49%
Preferred Stock	2%	3%	3%	3%
Long-Term Debt	49%	47%	46%	48%
Short-Term Notes Payable	$20,000	$18,000	$21,400	$2,700
Common Stock Data (000's)				
Shares of Common Stock (Year-End)	4,575	4,464	4,384	4,330
Shares of Common Stock (Average)	4,506	4,413	4,354	4,299
Per-Share Data				
Basic Earnings per Average Share	$1.77	$1.80	$1.94	$1.88
Diluted Earnings per Average Share	$1.72	$1.76	$1.89	$1.85
Dividends Paid per Share (Year-End)	$1.36	$1.34	$1.32	$1.28
Book Value Per Share (Year-End)	$16.47	$16.05	$15.50	$14.76
Electric and Gas Statistics				
Electric Distribution & Sales - MWH	1,540,968	1,491,103	1,532,015	1,401,292
Customers Served - Year-End	92,495	91,492	89,865	88,316
Gas Sales - 000's of Firm Therms	22,027	23,716	24,508	22,303
Customers Served - Year-End	14,915	14,943	14,848	14,846

1994	1993	1992	1991	1990	1989	1988
$13,754	$14,073	$13,342	$12,360	$14,337	$14,567	$14,869
64	(50)	(22)	357	(171)	(384)	(78)
13,690	14,123	13,364	12,003	14,508	14,951	14,947
5,652	6,523	6,948	8,067	7,979	8,001	7,700
–	–	(155)	1,571	1,011	2,892	–
8,038	7,600	6,571	2,365	5,518	4,058	7,247
–	–	–	–	–	1,678	–
8,038	7,600	6,571	2,365	5,518	5,736	7,247
291	298	352	315	325	334	346
$7,747	$7,302	$6,219	$2,050	$5,193	$5,402	$6,901
$178,777	$171,540	$165,880	$160,575	$153,929	$146,714	$139,790
$204,521	$201,509	$172,348	$170,390	$171,555	$167,979	$158,682
$59,997	$56,234	$52,608	$49,887	$51,664	$49,910	$48,206
4,094	4,198	4,277	4,412	4,558	4,679	4,847
65,580	57,378	62,041	60,442	53,044	54,695	54,943
$129,671	$117,810	$118,926	$114,741	$109,266	$109,284	$107,996
46%	48%	44%	43%	47%	46%	45%
3%	3%	4%	4%	4%	4%	4%
51%	49%	52%	53%	49%	50%	51%
–	$8,400	$4,780	$9,550	$11,783	$7,225	$8,935
4,268	4,205	4,152	4,119	4,111	4,104	4,096
4,234	4,181	4,133	4,115	4,107	4,101	4,169
$1.83	$1.75	$1.50	$0.50	$1.26	$1.32	$1.66
$1.80	$1.72	$1.49	$0.50	$1.26	$1.32	$1.66
$1.24	$1.15	$1.10	$1.04	$1.02	$0.96	$0.88
$14.06	$13.37	$12.67	$12.11	$12.57	$12.16	$11.77
1,358,165	1,303,326	1,260,747	1,230,049	1,236,950	1,241,600	1,239,679
86,782	85,383	85,131	84,222	83,731	83,374	82,292
23,057	22,763	23,281	20,394	21,215	22,319	21,948
15,012	15,340	15,514	15,713	15,775	15,750	15,642

SELECTED
consolidated financial data

Common Stock Data



Note: • The Common Stock of the Company is traded on the American Stock Exchange (Symbol UTL)
• Number of Common Stockholders of Record — 2,340.

Quarterly Financial Data (Unaudited: 000's except per share data)

1st Quarter

	Three Months Ended March 31, 1998	1997
Total Operating Revenues	$43,993	$45,332
Operating Income	$4,519	$4,615
Net Income	$2,622	$2,915
Basic Earnings per Share	$0.57	$0.65
Diluted Earnings per Share	$0.56	$0.64
Dividends Paid per Common Share	$0.340	$0.335

2nd Quarter

	Three Months Ended June 30, 1998	1997
Total Operating Revenues	$41,542	$40,61[illegible]
Operating Income	$3,209	$3,432
Net Income	$1,478	$1,655
Basic Earnings per Share	$0.31	$0.36
Diluted Earnings per Share	$0.30	$0.35
Dividends Paid per Common Share	$0.340	$0.335

3rd Quarter

	Three Months Ended September 30, 1998	1997
Total Operating Revenues	$40,[illegible]15	$40,672
Operating Income	$3,397	$3,377
Net Income	$1,717	$1,487
Basic Earnings per Share	$0.37	$0.32
Diluted Earnings per Share	$0.36	$0.31
Dividends Paid per Common Share	$0.340	$0.335

4th Quarter

	Three Months Ended December 31, 1998	1997
Total Operating Revenues	$40,828	$43,[illegible]79
Operating Income	$4,181	$4,[illegible]36
Net Income	$2,482	$2,178
Basic Earnings per Share	$0.52	$0.4[illegible]
Diluted Earnings per Share	$0.50	$0.46
Dividends Paid per Common Share	$0.340	$0.335

DIRECTORS & OFFICERS

Directors

Michael J. Dalton *(1)*
President and Chief Operating Officer of the Company.

Bruce W. Keough *C (2)*
Real estate developer, private equity investor and former New Hampshire State Senator.

Douglas K. Macdonald *(3)*
Retired Vice President and Controller of the Company.

M. Brian O'Shaughnessy *(4)*
Chairman, Chief Executive Officer and President of Revere Copper Products, Inc., Rome, NY.

J. Parker Rice, Jr. *A (not shown)*
Director and former President and Treasurer of Hyland/Rice Office Products, Inc., Fitchburg, MA (office planning, supplies and equipment).

Robert G. Schoenberger *E (5)*
Chairman of the Board of Directors and Chief Executive Officer of the Company.

Charles H. Tenney II *(6)*
Former Chairman of the Board and Chief Executive Officer of the Company.

Charles H. Tenney III *A (7)*
Secretary of Northern Utilities, Inc., Portsmouth, NH (natural gas distributor) and Secretary of Granite State Gas Transmission, Inc., Portsmouth, NH

William W. Treat *E^ (8)*
Lawyer; former Director and Chairman of the Board of Directors of Bank Meridian, Hampton, NH.

W. William VanderWolk, Jr. *A^ E (9)*
Owner of Horizon Management, Manchester, NH (property and restaurant management).

Joan D. Wheeler *E C (10)*
Owner of the Russian Gallery, Marblehead, MA (art gallery specializing in works of Russian artists).

Franklin Wyman, Jr. *E C^ (11)*
Chairman and Treasurer of O'Conor Wright Wyman, Inc., Boston, MA (corporate financial consultants).

E Member of the Executive Committee
A Member of the Audit Committee
C Member of the Compensation Committee
^ Denotes Committee Chairman
( ) Denotes position in photo key on this page

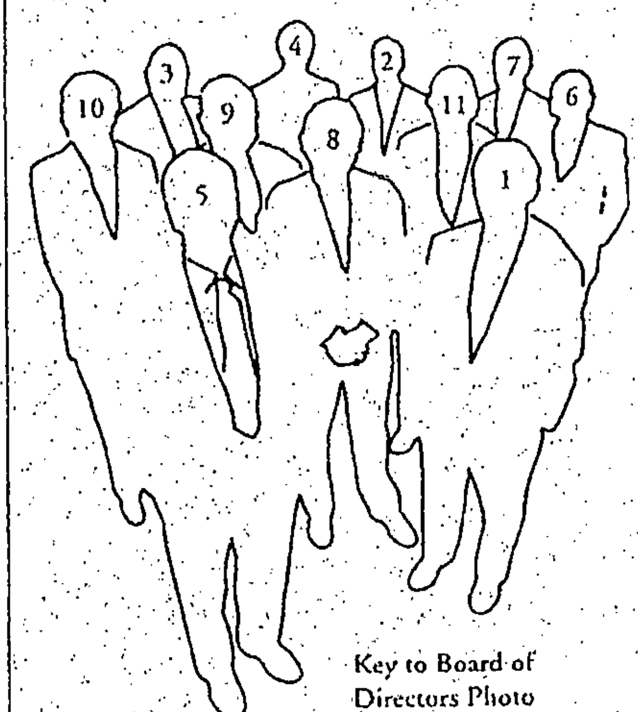
Officers

Robert G. Schoenberger
Chairman of the Board of Directors and Chief Executive Officer.

Michael J. Dalton
President and Chief Operating Officer.

Anthony J. Baratta, Jr.
Senior Vice President and Chief Financial Officer

Mark H. Collin
Treasurer and Secretary



Key to Board of Directors Photo
(page 7)

SHAREHOLDER information

Annual Meeting

The annual meeting of shareholders is scheduled to be held at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 15, 1999, at 10:30 a.m.

10-K

The Company's annual report for 1998 on Form 10-K, as filed with the Securities and Exchange Commission, is available without charge upon written request to:

Mark H. Collin, Treasurer, Unitil Corporation, 6 Liberty Lane West, Hampton, New Hampshire 03842-1720.

Dividend Reinvestment Plan

A Dividend Reinvestment and Stock Purchase Plan is available to all holders of record of the Company's Common Stock. This Plan provides shareholders with a simple and economical way to increase their investment in the Company automatically each quarter by reinvesting their dividends at a discount of five percent from current market price, without payment of brokerage fees. The Plan also allows for optional cash payments of a minimum of $25 and a maximum of $5,000, which can be made quarterly to purchase additional shares of Common Stock at current market prices. For further information, please contact BankBoston, N.A. at:

Address: UTL Dividend Reinvestment Plan c/o EquiServe, L.P. Mail Stop: 45-02-62, P.O. Box 8040 Boston, Massachusetts 02266-8040.

Telephone: 800/736-3001 (outside Massachusetts) 781/575 3100 (within Massachusetts) Internet: www.equiserve.com

Shareholder Information

The Company's Transfer Agent, BankBoston, N.A., is responsible for our shareholder records, issuance of stock certificates and the distribution of our dividends and IRS Form 1099-DIV. Shareholder requests concerning these and other matters can be answered by corresponding directly with BankBoston, N.A. at:

Address: c/o EquiServe, L.P. Mail Stop: 45-02-64, P.O. Box 8040, Boston, Massachusetts 02266-8040

Telephone: 800/736-3001 (outside Massachusetts) 781/575-3100 (within Massachusetts) Internet: www.equiserve.com

You may also contact the Shareholder Services Representative at the Company Telephone: 800/999-6501.

On the Internet, Unitil's home page address is: www.unitil.com

Dividend Direct Deposit

Dividend Direct Deposit Service is available without charge to shareholders of record of the Company's Common Stock. This service provides shareholders with a convenient and secure way to have quarterly dividends deposited directly into a checking or savings account. For further information, please contact: BankBoston, N.A. at:

Address: c/o EquiServe, L.P. Mail Stop: 45-02-64, P.O. Box 8040, Boston, Massachusetts 02266-8040.

Telephone: 800/736-3001 (outside Massachusetts) 781/575-3100 (within Massachusetts) Internet: www.equiserve.com.

POOR ORIGINAL

POOR ORIGINAL

Unitil

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Printed with soy ink on recycled paper to preserve our environment and natural resources 4?7-AR-98

Exhibit G

UNITIL RESOURCES
Balance Sheet

01/19/00
December 31, 1999

	Current Year	Dec 31 Prior Year	Incr/(Decr)
ASSETS			
Service Company Property:			
License (101-01)	$584,080.66	$0.00	$584,080.66
Equipment (101-02)	102,690.46	0.00	102,690.46
Less: Accum. dep. & amort. (108)	(99,733.43)	0.00	(99,733.43)
Total Service Company Property	587,037.69	0.00	587,037.69
Current Assets:			
Cash (131)	7,182.78	133,975.75	(126,792.97)
Accounts rec. (142,143) Less:			
Prov. for uncoll. accts (144)	83,061.96	135,791.29	(52,729.33)
A/R from assoc. comp (146)	0.00	0.00	0.00
Prepayments (165)	11,045.37	31,368.45	(20,323.08)
Unbilled incentive revenue (173.0)	0.00	0.00	0.00
Accrued revenue (173.1)	0.00	125,584.91	(125,584.91)
Total Current Assets	101,290.11	426,720.40	(325,430.29)
Deferred debits (186)	80,050.00	3,723.93	76,326.07
TOTAL ASSETS	768,377.80	430,444.33	337,933.47
LIABILITIES AND CAPITALIZATION			
Capitalization:			
Common stock (201)	100.00	100.00	0.00
Premium on common stock (207)	9,900.00	9,900.00	0.00
Misc. paid-in-capital (208,211)	1,090,000.00	590,000.00	500,000.00
Retained earnings (216)	(741,272.24)	(217,601.01)	(523,671.23)
Total Capitalization	358,727.76	382,398.99	(23,671.23)
Current Liabilities:			
Notes payable (231, 233)	188,545.31	0.00	188,545.31
Accounts payable (232, 241)	149,194.71	16,445.56	132,749.15
A/P to assoc. co's (234)	130,301.98	38,386.37	91,915.61
Taxes accrued (236)	(15,999.01)	(5,937.94)	(10,061.07)
Misc current liabilities (242)	2,338.49	100.00	2,238.49
Accum. def. inc taxes (282, 283)	(24,731.44)	(948.65)	(23,782.79)
Total Current Liabilities	409,650.04	48,045.34	361,604.70
TOTAL LIABILITIES AND CAPITAL	768,377.80	430,444.33	337,933.47

UNITIL RESOURCES
Income Statement

02/10/00
For the Twelve Months Ending December 31, 1999

	MONTH CURRENT YR	MONTH PRIOR YR	PERIOD CURRENT YR	PERIOD PRIOR YR
ELECTRIC SERVICE REVENUE				
Electric Revenue - Residential	$30,987.27	$38,005.91	$384,736.01	$398,962.68
Electric Revenue - Commercial	9,170.15	10,966.26	134,860.35	73,857.18
Electric Revenue - Industrial	7,238.40	22,398.73	230,159.78	197,848.17
Accrued Revenue	(57,035.78)	6,763.30	(125,584.91)	40,047.88
Total Electric Revenue	(9,639.95)	78,134.20	624,171.23	710,715.91
SERVICE REVENUE				
Service Revenue	9,645.34	0.00	150,438.35	0.00
Misc. Service Revenue	0.00	0.00	0.00	0.00
Accrued Revenue	0.00	0.00	0.00	0.00
Incentive Revenue	0.00	0.00	0.00	0.00
Total Service Revenue	9,645.34	0.00	150,438.35	0.00
Total Revenue	5.38	78,134.20	774,609.58	710,715.91
OPERATING EXPENSES				
Purchased Power Expenses	23,109.38	74,928.75	665,161.67	703,015.16
Amortization	13,587.20	0.00	103,457.36	0.00
Pilot Program Loss Reserve	0.00	0.00	0.00	0.00
Power Supply Reserve	0.00	0.00	0.00	0.00
Customer Accounting	1,967.48	343.66	18,750.32	3,061.59
Administrative and General	88,597.62	7,840.30	752,897.65	211,079.92
Federal Income Tax	(44,581.09)	(1,278.09)	(250,858.81)	(68,123.94)
State Income Tax	8,832.75	0.00	8,222.13	24.00
Deferred Income Tax	(3,518.27)	0.15	(23,782.79)	6.86
Other Taxes	1,525.95	0.00	9,231.22	0.00
Total Expenses	89,521.00	81,834.77	1,279,278.76	849,063.59
Operating Income	(89,515.62)	(3,700.57)	(504,669.17)	(138,347.68)
Nonoperating Income	0.03	1,266.20	3,345.86	12,405.66
Other Deductions	0.00	0.00	0.00	0.00
Net Other Income & Deductions	0.03	1,266.20	3,345.86	12,405.66
Gross Income	(89,515.59)	(2,434.37)	(501,323.31)	(125,942.02)
Interest Expense	2,499.19	46.34	22,347.92	6,287.65
NET INCOME	(92,014.78)	(2,480.71)	(523,671.23)	(132,229.67)
Net Income Before Tax	(131,281.39)	(3,758.65)	(791,890.70)	(200,322.75)

Exhibit H

Robert G. Schoenberger
3 Sea Road
North Hampton, NH 03682
Home: (603) 964-9733
Business: (603) 773-6565

HISTORY

UNITIL CORP.
Hampton, New Hampshire

Unitil is a combined gas and electric utility with operations in New Hampshire and Massachusetts. It serves over 115,000 customers and has the lowest gas and electric distribution rates in the region. Unitil is also an emerging player in business to business E-commerce via it's unregulated subsidiary, Usource, which represents the energy consumer in the complicated world of deregulation.

Chairman of the Board and Chief Executive Officer **1997- Present**

- Developed strategic plan to concentrate on core competencies and representing the energy consumer in the energy marketplace.
- Developed Usource, an unregulated E-commerce business, to go after Northeast energy market. Made strategic investment in Enermetrix.com, a start-up business to business E-commerce firm providing an online retail energy exchange. Both investments have doubled in less than one year.
- Developed utility services business to provide back office functions to public power entities in New England.
- Implemented change management process to re-energize Unitil management and employees to achieve new mission.
- Revised Board governance procedures to streamline Board activities and to transition Board membership.

NEW YORK POWER AUTHORITY
White Plains, New York

President & Chief Operating Officer **1993-1997**

- Overhauled nuclear program, including removal of two plants from the NRC Watch List, restructured operations, recruited new management team and developed new business plan. Developed nationally recognized ideas for new approaches to nuclear plant management in a competitive market.
- Implemented change management program which all NYPA employees went through which had outside observers saying NYPA was best prepared in Northeast, U.S. for deregulation.
- Met all challenges to existing customer base, including ten-year contract to secure key customer group. Secured legislation to serve major industrial loads throughout New York State.
- Implemented on-going cost reduction program which saved NYPA $150M in O&M and $300M in capital expenses over next three years.
- Overhauled marketing efforts, which resulted in NYPA customers championing NYPA's customer focus.

NEW YORK POWER AUTHORITY
White Plains, New York

Finance & Administration Executive Vice President — **1985-1993**

- Secured upgrade in credit rating from two rating agencies from A to AA.
- Completely restructured Authority debt producing savings of over $500M.
- Designed and implemented a new finance and accounting system with accounts payable, purchasing, general ledger and work commitment modules.

Senior Vice President - Program Development — **1979-1985**

GOVERNOR'S OFFICE — **1976-1979**
Albany, New York

Economic Affairs Associate

Worked for Deputy Secretary for Economic Affairs on tax and economic policy.

NYS DIVISION OF THE BUDGET — **1974-1976**
Albany, New York

Budget Analyst

Part of task force for State assumption of financial responsibility of City University of New York.

EDUCATION:

Advanced Management Program, Harvard School of Business, Cambridge, Massachusetts, 1998
M.A., History, University of Delaware, Newark, Delaware, 1974
B.A., History, LaSalle University, Philadelphia, Pennsylvania, 1972

PERSONAL:

Married, three children.

PROFESSIONAL ASSOCIATIONS

- Director, Seacoast United Way
- Director, Exeter Health Resources
- Director, Enermetrix.com
- Director, The New England Gas Association

ARTICLES:

"Capturing Stranded Value in Nuke Assets", The Electricity Journal, by Robert Schoenberger and Robert Cudlin. June 1996.

"Mender and Motivator", interview with The Electricity Journal. December 1997.

Mark H. Collin
Treasurer
Unitil Resources, Inc

Summary of Qualifications

Over 17 years of professional experience in the rapidly changing electric and gas utility industry. An extensive financial management, strategic planning and regulatory background. Direct management experience in corporate finance, financial forecasting, strategic planning, utility regulation, SEC/shareholder reporting, corporate treasury, investor relations, risk management and pension & benefits. An essential understanding of finance and economic principals and their practical application to management decision making and business problem solving.

Professional Experience

Unitil Service Corp.
Hampton, NH (1988 - Present)

Treasurer of Unitil Resources,Inc. Vice President and Treasurer of Unitil Corporation (since 1998), reporting directly to Chief Financial Officer. Unitil Corporation Subsidiary Treasurer since 1993. Joined Unitil Service Corp. as Manager of Rates in 1988 and have continually developed a broad range of analytical, financial and management skills along a career path that has included former positions as Vice President of Regulatory Services (1990-1992), Vice President of Finance (1992-1994) Vice President of Finance & Administration (1994-1996) and Vice President of Corporate Finance (1996 - Present). Areas of responsibility, professional experience and accomplishments:

- **Financial Planning:** Direct and conduct strategic planning studies to measure the short and long range financial impacts of business and investment strategies. Develop financial policy relating to utility regulation, industry restructuring, business acquisition and expansion, earnings management, capital budgeting, pension funding, capital structure and dividend policy. Pivotal management role in Unitil's achievement of four consecutive years of record financial performance.

- **Financial Forecasting:** Manage and direct the financial forecasting function. Oversee the reporting of monthly financial results and variance analysis. Project and analyze long range financial performance under various planning scenarios. Directed the design and upgrade of PC-based financial forecasting models and systems resulting in the improvement of forecasting accuracy, reliability and management reporting.

- **Rate and Regulatory:** Manage the rate and regulatory function. Broadened responsibilities and contributions by consistently exceeding goals and expectations with a highly motivated and productive staff. Managed and coordinated the Unitil System's regulatory agenda in the areas of cost-of-service, rate design, sales and load forecasting, load research, integrated resource planning and demand-side management programs. Directed and presented written and oral testimony on a wide range of financial and regulatory matters before New Hampshire and Massachusetts utility and energy regulatory agencies.

Professional Experience (continued)

- **SEC & Shareholder Reporting:** From 1992-1996 responsible for SEC and shareholder reporting. Developed and managed the transition of all SEC reporting to the EDGAR electronic filing format. Significantly improved the Unitil System's external reporting products. Drafted and managed the preparation of all 10k, 10Q, and other SEC filing requirements. Responsible for the drafting, design and production of quarterly financial reports and the Annual Report to shareholders.

- **Debt Issuance & Compliance:** Manage the Unitil System's long-term debt portfolio. Successfully conducted private placement transactions totaling over $41 million. Negotiate directly with brokers and bond purchasers on pricing and key terms and conditions. Manage and direct the analysis of alternative long-term debt financing proposals, including the costs and benefits of bridge financing and hedging programs, term structure, redemptions, retirements, sinking fund and call provisions. Responsible for ensuring compliance with mortgage and indenture covenants.

- **Commercial & Institutional Banking:** Principal relationship officer for all commercial and institutional banking activities. Responsible for the review of current services and the examination of new product offerings. Negotiate pricing terms and conditions. Areas of responsibility include: cash management, money & wire transfer, treasury desk investments, unsecured lines of credit, leasing, corporate trust (debt indentures), institutional trust (pension plans) and shareholder services.

- **Cash Management:** Responsible for establishing and directing cash management policy and procedures. Oversee the operation of the Unitil System cash pool and wire transfers. Direct short-term cash investment policy and operations. Negotiate the pricing and structure all of unsecured short term lines of credit totaling $25 million.

- **Risk Management:** Direct the review and analysis of the casualty, property and workers compensation insurance portfolio with a combined annual premium of over $800,000. Manage and conduct studies to determine adequacy of coverage, competitiveness and the comparative cost and benefits of alternative programs. Negotiate directly with brokers and insurance providers to competitively secure insurance products that meet risk management objectives.

- **Pension & Benefits:** Managed and directed the Administrative Services function from 1994-1996. Areas of responsibility included: pensions, employee benefits and compensation. Directed the implementation of a new payroll system. Initiated a comprehensive review and redesign of benefit programs, resulting in benefit improvements and cost savings. Directed the evaluation of performance and compensation programs laying the groundwork for program improvements currently underway.

Professional Experience (continued)

- **Investor Relations:** Oversee the preparation and use of investor relations materials. Conduct seminars. Maintain regular contracts with investor relations constituents and stakeholders including, AMEX; Unitil's trading specialist, analysts, brokers and individual shareholders.
- **Internal Audit:** Assumed responsibility for the Internal Audit Function in 1996. Implemented a plan of action to enhance the value and role of the Internal Audit function. Assist the Internal Auditor with the development of the annual Internal Audit Plan and reporting to the Audit Committee.

New Hampshire Public Utilities Commission
Concord, NH (1985-1988)

Senior Economist and Utility Analyst in the Economics Department of the New Hampshire Public Utilities Commission. Provided economic, financial and technical analysis on a broad range of regulatory matters. Presented written and oral testimony on cost-of-capital, capital structure, utility financings, rate design, PURPA implementation and integrated resource planning. Senior staff advisor for the commission's involvement on the New England Governors Power Planning Committee and for the development of the NHPUC's integrated resource planning policy for electric utilities.

Education

Master of Arts, Economics, 1984
Concentration: Financial Economics
Whittemore School of Business and Economics
University of New Hampshire - Durham

Bachelor of Arts, Economics, 1981
Minor: Business Management
State University of New York at Cortland
Cortland, NY

References

Available upon request.

LAURENCE M. BROCK, CPA

45 Falcone Circle
Hampton, NH 03842

(603) 773-6510 (W)
(603) 929-0873 (H)

OBJECTIVE

Chief Financial Officer.

CREDENTIALS

Possess over seventeen years of experience in increasingly challenging financial responsibilities that include: SEC registrations and filings, bank credit agreements, private placements (debentures, leveraged leases and securitization), financial controls and reporting, budgeting, forecasting, credit and collection, cash management and developing systems conducive to growth and flexibility

Regarded as a take-charge administrator and as a professional, hands-on financial team player who believes that goals are best met by utilizing clear objectives, innovation and creativity, and by involving and motivating everyone within an organization. Respected as an exceptional project leader, for creative problem-solving skills, and for effectively understanding and implementing performance and bottom-line enhancing incentive systems.

EXPERIENCE

1995-Present

THE UNITIL SYSTEM COMPANIES **Hampton, NH**

A publicly-traded group of Electric and Gas Utilities and other special purpose companies registered under the SEC Public Utility Holding Company Act of 1935, with 1998 revenues of $170 million.

VICE PRESIDENT AND CONTROLLER

Reporting to the Chief Financial Officer, managing 36 people engaged in Accounting, Finance, Budgeting, Cash Management and Human Resources and Facilities Administration. Leading a team of high performing professionals who focus on providing the best service possible to our external and internal customers.

Lead the successful selection and implementation (September, 1998) of a new Accounting and Financial Reporting software system, ($1.1 million). The Company's new, client-server, Windows NT based, financial systems are integrated seamlessly (cut, copy and paste) with our staff's desktop tools including MS Excel, E-mail and MS Access. As a result: the monthly closing process was reduced by 2 days; all budget vs. actual information resides in one data base for immediate reporting; Company Managers can "drill down" to invoice information from P&L budget categories.

Duties include: Overseeing complete, formal monthly closings of 8 companies on a 12 business day closing cycle and maintaining a completely reconciled and quality-controlled financial data base from which budgeting, forecasting, pricing and policy information can be analyzed. Ensure the integrity of the Companies' published financial data, including: the Annual Report, quarterly shareholder reports, SEC forms 10-K and 10-Q, Federal and State tax returns, and filings to Federal and State Regulatory Authorities.

Successfully completed a major software development project, ($2.5 million), to build the financial interface between a new revenue-billing and receivables data base application and the Companies' financial accounting software systems.

Performed duties as Company liaison on financial matters including: representing the company during IRS, SEC and regulatory audits, testifying before regulatory Commissions, and presenting to the Companies' Board of Directors at semi-annual Audit Committee meetings.

1986-1995 **THE HENLEY GROUP AND AFFILIATES** **Hampton, NH**

1990-1995 **NEW HAMPSHIRE OAK, INC**

A diversified manufacturing group with facilities in the United States, Canada and Mexico, and 1994 revenues of $775 million.

CORPORATE CONTROLLER

Reporting to the Managing Director of the holding company, was responsible for establishing internal and external financial reporting systems, for hiring a completely new staff, and for designing and implementing a PC-based reporting system to consolidate ten subsidiaries for monthly results, budgets and forecasts. Also responsible for treasury operations including daily cash and debt management. Compiled and reviewed SEC filings. Instituted new internal controls and set standards for divisional reporting. Designed, calculated and communicated divisional management incentive compensation programs. Managed nine corporate financial staff.

- Issued $5 million convertible subordinated debentures with detachable warrants. Filed S-1 Registration Statement in September, 1994 to raise $200 million in cash.

- Negotiated six credit agreements providing $200 million in revolver and term loans with major West Coast bank. Established collateral and debt covenants. Responsible for ongoing monthly and quarterly debt compliance reporting.

- Successfully planned and implemented, within very tight time constraints, the separation of four related subsidiary corporations. Retired the initial debt that was co-borrowed by these entities and established four separate agreements. Trained subsidiary's financial staff in purchase accounting matters. Created $18 million custodial and investment manager agreements to segregate the subsidiaries' benefit plans.

- Realized a profit of $400,000 for the holding company by brokering the sale of equipment (subject to a leveraged lease) to the company which had been leasing it.

1986-1990 **SIGNAL CAPITAL CORPORATION**

A diversified financial services company that provides equipment leasing and financing, real estate and leveraged buyout financing, and other services to customers ranging from small businesses to Fortune 500 companies.

CONTROLLER

Reporting to the Vice President of Finance as a business oriented Controller, managing 28 people, with complete responsibility for the financial operations of a $1 billion balance sheet. As Chairman of Signal Capital's Operating Committee, I spearheaded the formulation of: policies, standard operating procedures, systems and controls which allowed our company to triple its assets in four years and expand its customer base by earning a reputation for delivering the best customer service in the industry.

- **Financial Reporting:** Produced comprehensive internal management reports within five business days of month end. Drafted and filed tax, GAAP, SEC and regulatory compliance reports for consolidated group including five tax entities. As corporate liaison to outside auditors, coordinated annual audits resulting in no adjustments.

- **Systems:** Designed and directed implementation of accounting and information tracking systems on *mainframe* and personal computer hardware. Specifically, developed cash receipts, billing, customer credit history and marketing tracking systems. Also structured general ledger system into regional responsibility centers to manage the decentralization of our company.

- **Policies and Controls:** Updated company internal controls annually. Interpreted policies to company managers and settled disputes over interdisciplinary issues.

- **Budgeting:** Compiled and presented annual business plans, quarterly forecasts and long range strategic plans based on senior management's objectives and assumptions. Explained monthly variances to plan.

- **Pricing/Commissions:** Priced products to achieve return on equity committed to in the annual business plan. Proposed adjustments to pricing strategies and programs monthly. Set and administered sales compensation programs. Arbitrated compensation appeals.

- **Management:** Hired and trained top-notch accounting and finance prospects. Monitored quarterly performance objectives of 28 people in the Accounting and Finance Departments. Set "quality of output" and "responsiveness to customers" as #1 priorities for entire team.

- **Operations:** Responsible for: cash forecasting and management, acquiring and selling investments in lease portfolios, internal audit, litigation of uncollectible accounts, authorizing payment of expenses and disbursements for capital acquisitions, signing checks and negotiating office leases.

1984-1986 **THE TIMBERLAND COMPANY** **Hampton, NH**

A fast-growing worldwide manufacturer, distributor, and retailer of footwear, clothing and other quality apparel.

ACCOUNTING MANAGER

Reporting to the Controller. Areas of responsibility included: tax planning and compliance, tax accruals, monthly/quarterly closings, financial statement preparation and analysis, consolidation of subsidiaries, inventory and cost accounting, budgets and forecasts and evaluation of accounting systems and software applications.

1981-1984 **COOPERS AND LYBRAND** **Boston, MA**

One of the "Big Six" international accounting firms.

SENIOR STAFF ACCOUNTANT

Directed audits of payroll, production, payments and revenue cycles. Prepared financial statements. Evaluated internal accounting controls. Verified correctness/completeness of filings with the Securities and Exchange Commission. Specialty areas: Inventory and cost accounting, lease accounting, SEC filings and tax return preparation.

EDUCATION

MBA, University of New Hampshire, Durham, NH
BA, Loyola College of Montreal, Canada

AFFILIATIONS

American Institute of Certified Public Accountants
New Hampshire Society of Certified Public Accountants

Evidence of Professional Responsibility and Technical Fitness

Usource is presently a successful and growing business providing efficient energy commodity procurement services over the Internet to commercial and industrial customers in the Northeast. Customers, with the assistance of our Usource field sales force and back office support, post their electric and gas requirements on an Internet-based energy exchange. Customers realize significant time and dollar savings using the Exchange, eliminating costly and time-consuming RFPs and assuring highly competitive, time-sensitive bids. Only suppliers qualified by the state, local distribution company and the Exchange are allowed to submit bids to serve the customers' energy needs. Once a bid for gas or electricity that meets the customer's pre-specified price parameters, a transaction is executed online.

In the energy industry, Unitil believes that the maximum value opportunity exists at the *interface between the customer making purchasing decisions* in a complex and confusing environment and the supplier trying to operate profitably in a volatile and demanding wholesale marketplace. Usource will unlock that value by serving as the customers' agent in the energy marketplace. Usource will offer the most efficient and cost-effective platform for customer ordering and transaction fulfillment will provide unbiased market information and access to the widest portfolio of commodity suppliers, and will offer supplemental energy-related products and services targeted directly to customer needs.

The vision for Usource is to be a fully automated Internet based marketplace for energy commodities and energy related products and services. Usource will serve this marketplace by aggregating customers, giving them information and control in the new energy economy, and by consolidating suppliers, providing them pre-qualified customers at a low acquisition cost. Usource offers today two major services to the industrial and commercial energy commodity buyer in New England and New York: Internet based gas supply procurement, and Internet based electricity supply procurement.

Since it's formation, Unitil Resources, Inc. ("URI") has also provided a variety of consulting services. URI's client list includes Great Bay Power Corporation, Milford Power Limited Partnership (owned by Enron Power Corp. and Jones Capital Corp.), the World Bank, the University of Pennsylvania, and Joseph Rosenberger Associates, Inc. on behalf of their client, the University of Rochester.

URI has a proven track record in the energy industry, most importantly, we've delivered successful energy purchases for our customers using the Internet-based exchange. As further evidence of its professional responsibility, a copy of the most recent balance sheet and income statement for the company are included in Attachment H-1 and Attachment H-2, respectively.

URI's officers and directors have a wealth of experience in the energy industry. Robert Schoenberger and Laurence Brock, two of URI's directors/officers, are actively involved in the day to day business operations and management of Usource. Since 1997, Mr. Schoenberger has held the positions of Chief Executive Officer and Chairman of the Board of Unitil Corporation.

Prior to that, Mr. Schoenberger spent 12 years at the New York Power Authority where held various positions, including Chief Financial Officer and President and Chief Operating Officer. Mr. Brock has served as Unitil's controller for the past five years, prior to that, he spent ten years as corporate controller for several different manufacturing firms. In addition to the professional experience of Mr. Schoenberger and Mr. Brock, URI also has access to the experienced professional employees of Unitil Service Corp.

Exhibit J

Experience in the Field of Energy Brokering

Usource is presently a successful and growing business providing efficient energy commodity procurement services over the Internet to commercial and industrial customers in the Northeast. The majority of our customers are located throughout New York, while additional customers are scattered throughout New England. For the past year, we have been providing natural gas procurement services through our online energy bid system. More recently, we've expanded our capabilities in New York to include electricity procurement. That portion of the business will expand as the restructuring of the electric market provides competitive markets.

Usource currently has approximately $109 million of energy under management. This is based on the contracts we have with customers whom have purchased their commodity through the Usource system, as well as those enrolled in the Usource system that are currently awaiting bids for their energy (based on a life cycle of three years with 95% retention).

Our gas buying staff has executed more than 60 contracts within the past year. Usource has recently enrolled the New York Housing Authority as a customer representing an initial load of 6 Bcf of natural gas on the system and numerous accounts.

There are currently approximately 50 suppliers who bid through the Usource system. No supplier has ever defaulted on a contract executed through Usource.

Exhibit K

AFFIDAVIT

State of New Hampshire :
: ss.
County of Rockingham :

LAURENCE M. BROCK, Affiant being duly sworn according to law, deposes and says:

That he is the CONTROLLER of Unitil Resources, Inc., d/b/a Usource ("Applicant"). I am authorized to and do make this affidavit for said Applicant.

That Unitil Resources, Inc., d/b/a Usource, the Applicant herein acknowledges that it may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That Unitil Resources, Inc., d/b/a Usource, the Applicant herein, asserts that it possesses the requisite technical, managerial, and financial fitness to render natural gas supply service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That Unitil Resources, Inc., d/b/a Usource, the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 22 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional natural gas sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

Applicant, by filing this Application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue, providing that information to the Pennsylvania Public Utility Commission.

That Unitil Resources, Inc., d/b/a Usource, the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. § 506, and the standards and billing practices of 52 PA. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Commission's Office of Communications or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts set forth above are true and correct to the best of my knowledge, information, and belief, and I expect said Applicant to be able to prove the same at hearing.

Lawrence M. Brock

Signature of Affiant

Sworn and subscribed before me this 28th day of March, 2000

Sandra L. Walker

Signature of official administering oath

SANDRA L. WALKER, Notary Public
My Commission Expires April 5, 2000

My commission expires April 5, 2000

Exhibit L

AFFIDAVIT

State of New Hampshire :
: ss.
County of Rockingham :

LAURENCE M. BROCK, Affiant, being duly sworn according to law, deposes and says:

That I am the CONTROLLER of Unitil Resources, Inc., d/b/a Usource ("Applicant"). I am authorized to and do make this affidavit for said Applicant.

That the Applicant herein, Unitil Resources, Inc., d/b/a Usource, has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licenced as a natural gas supplier pursuant to 66 Pa. C.S. § 2208(c)(1).

That the Applicant herein, Unitil Resources, Inc., d/b/a Usource, has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein, Unitil Resources, Inc., d/b/a Usource, acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the Applicant herein, Unitil Resources, Inc., d/b/a Usource, acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts set forth above are true and correct to the best of my knowledge, information, and belief, and I expect said Applicant to be able to prove the same at hearing.

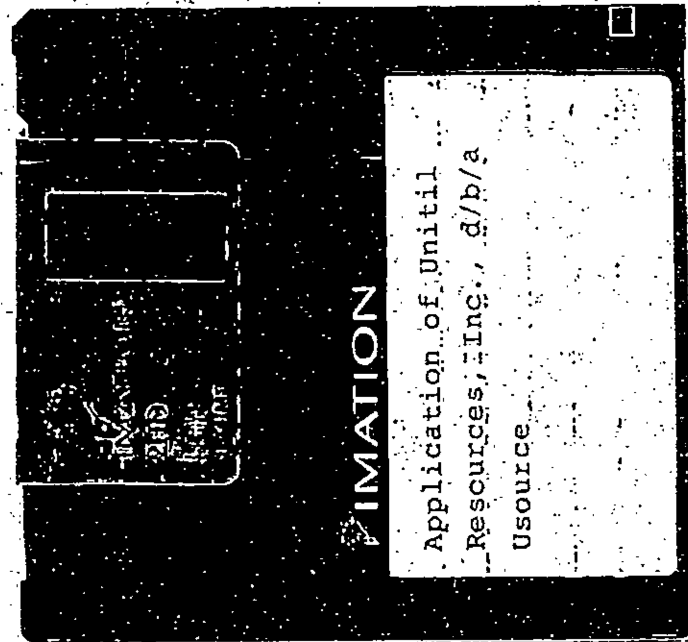
Laurence M. Brock
Signature of Affiant

Sworn and subscribed before me this 28th day of March, 2000

Sandra L. Walker
Signature of official administering oath

My commission expires April 5, 2000

SANDRA L. WALKER, Notary Public
My Commission Expires April 5, 2000



OVERSIZED DOCUMENT(S)

LEBOEUF, LAMB, GREENE & MACRAE
L.L.P.
200 NORTH THIRD STREET
SUITE 300
P.O. BOX 12105
HARRISBURG, PA 17108-2105

APPLICATION OF UNITIL RESOURCES, INC. d/b/a USOURCE

A-125078

RECEIVED
MAR 30 2000
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

April 4, 2000

A-125078

JOHN J GALLAGHER
LEBOEUF LAMB GREENE & MACRAE LLP
200 N 3RD ST SUITE 300
P O BOX 12105
HARRISBURG PA 17108-2105

Dear Mr. Gallagher:

The Application and $350.00 filing fee of Unitil Resources, Inc. d/b/a Usource, filed in this Office on March 30, 2000, for approval to supply Natural Gas Services as a Broker/Marketer engaged in the business of supplying natural gas is hereby acknowledged.

Pursuant to the Commission's *Final Order*, entered July 16, 1999, at M-00991249F0002, all entities wishing to engage in the business of a natural gas supplier must hold a license issued by the Commission, in order to provide services starting November 1, 1999.

The application will receive the attention of the Commission, and you will be advised of any further necessary procedure.

Sincerely,

James J. McNulty

James J. McNulty
Secretary

JJM:laf

Cc: RAYMOND MORRISSEY
VICE PRESIDENT OF CUSTOMER RELATIONS
6 LIBERTY LANE WEST
HAMPTON NH 03842-1720

DOCKETED
APR - 4 2000

DOCUMENT
FOLDER

COMMONWEALTH OF PENNSYLVANIA

DATE: April 4, 2000

SUBJECT: A-125078

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary

1 AF

Attached is a copy of the Application of Unitil Resources, Inc., d/b/a Usource, for a license to supply Natural Gas Services as a Broker/Marketer engaged in the business of supplying natural gas.

Please note the following item(s) were not included with the application:

1. Affidavit attesting that has published in newspapers

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: LAW
BCS
OTS
CEEP

laf

DOCKETED
APR - 4 2000

DOCUMENT
FOLDER

PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIPT

The addressee named here has paid the PA P.U.C. for the following bill:

DATE 4/ 4/00
RECEIPT # 196915

LEBOEUF LAMB GREENE MACRAE LLP
ATTN JOHN J GALLAGHER
PO BOX 12105
HARRISBURG, PA 17108-2105

Application fees for UNITIL RESOURCES INC D/B/A USOURCE

Docket Number A-125078.................. $350.00

REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 90000969
CHECK AMOUNT: $350.00

C. Joseph Meisinger
(for Department of Revenue)

DOCKETED
APR 04 2000

DOCUMENT
FOLDER